



**DUNKLIN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-121
December 31, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dunklin, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dunklin County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for twenty-eight different county funds. Receipts of funds which were not budgeted totaled \$476,573 and \$383,574 for 2002 and 2001, respectively. Disbursements of funds which were not budgeted totaled \$583,994 and \$394,087 for 2002 and 2001, respectively.
- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards and has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- The county approved expenditures in excess of available monies, budgeted deficit balances for some funds, did not include some funds in the published financial statements, and did not ensure all townships prepared and published financial statements.
- Problems were noted regarding 911 Board expenditures including the leasing of a vehicle. More than \$7,000 was paid in both 2002 and 2003 for leasing a vehicle used in mapping activities. Mileage records available showed the vehicle was driven only 2,389 miles in 2003.

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- Several concerns were noted regarding the county's personnel policies and procedures including timesheets not always indicating actual time worked, the lack of detailed leave records, and errors in the Sheriff's department timesheets. In addition, the county paid occupational performance awards totaling \$19,425 to county employees and two former employees were overpaid upon their termination.
- Several concerns were noted in the Ex-Officio County Collector's procedures. Some monies are not deposited intact and checks received for these monies are not restrictively endorsed upon receipt. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances, partial payments received for tax collections have not been deposited, and interest earned on bank deposits has not been distributed. Annual settlements have not been filed for several years and some monthly distribution errors have been made.
- Several concerns were noted in the Sheriff's procedures. The inventory listing of seized property is not complete or accurate and procedures have not been implemented to periodically review cases and dispose of related seized property items. The Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers. Approximately \$33,500 for the two years ended December 31, 2002 appears to have been paid from both the Sheriff's fee account and the county General Revenue Fund. In addition, no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees.
- Several concerns were noted in the Sheriff's commissary procedures. A former employee misappropriated \$18,854 from the commissary account until detected by the Sheriff. However, while the Sheriff indicated new controls had been implemented, weaknesses were still noted in the accounting controls. Concerns included the numerical sequence of receipt slips not being accounted for, monthly listings of open items not reconciled to cash balances, and inmate balances not reviewed to ensure unclaimed monies are resolved in a timely manner. Also, a \$1 booking fee is not consistently charged and profit earned on commissary sales is not adequately monitored.

The audit also includes some matters related to general fixed asset records, computer controls, and boarding of prisoners. The audit also suggested improvements in controls and procedures of the County Treasurer, Assessor, Associate Circuit Division, Probate Division, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Health Center, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dunklin County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual for various funds totaling \$476,573 and \$383,574 in receipts and \$583,994 and \$394,087 in disbursements for the years ended December 31, 2002 and 2001, respectively. Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dunklin County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 7, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dunklin County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Kate Petschonek
	Michelle L. Knowles
	Mapwesera Munlo
	Gary A. Raines



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dunklin County, Missouri

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. That report expressed a qualified opinion on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dunklin County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dunklin County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dunklin County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

DUNKLIN COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,194,198	2,921,393	2,634,370	2,481,221
Special Road and Bridge	910,036	927,584	909,096	928,524
Assessment	(13,045)	241,171	262,977	(34,851)
Law Enforcement Training	17,120	5,934	8,909	14,145
Prosecuting Attorney Training	(124)	2,571	2,447	0
Johnson Grass	71,180	5,401	8,629	67,952
Recorder's User Fees	54,373	28,908	6,893	76,388
Criminal Investigation	24,918	28,006	7,492	45,432
Emergency 911	236,612	165,261	293,490	108,383
Victims of Domestic Violence	1,073	1,176	500	1,749
Prosecuting Attorney Bad Check	70,290	41,407	23,542	88,155
Health Center	249,519	856,217	786,171	319,565
Senate Bill 40 Board	165,426	230,761	255,168	141,019
Clerk's Discretionary	4,146	5,118	7,172	2,092
Domestic Violence Shelters	1,270	3,861	0	5,131
Hazardous Training	3,953	137	0	4,090
Juvenile Diversion Grant I	16,249	62,769	72,640	6,378
Juvenile Diversion Grant II	7,987	37,671	48,499	(2,841)
Juvenile Pilot Program	(13,005)	84,195	77,988	(6,798)
Guardian Ad Litem-DFS	(7,521)	23,929	16,408	0
Drainage Districts	119,065	18,083	28,320	108,828
Crime Victims Compensation	26,101	3,536	4	29,633
Prosecuting Attorney Delinquent Tax	10,051	2,739	336	12,454
Sheriff's Civil Fees	59,276	47,331	47,753	58,854
Homeless Challenge Grant	0	5,525	5,525	0
Home Study	(250)	2,450	2,200	0
Chemical Emergency	4,682	3,657	6,768	1,571
Capital Improvement	123,376	2,799	126,175	0
COPS Grant	0	58,337	58,337	0
MoDot Seed Grant	(739)	4,631	2,325	1,567
Public Safety Grant (Teen Court)	(2,993)	31,197	33,612	(5,408)
Law Enforcement Block Grant	482	17,203	451	17,234
Law Library	14,452	13,994	8,877	19,569
Associate Circuit Division Interest	319	117	0	436
Circuit Division Interest	326	349	480	195
Off System Bridge	0	18,820	17,637	1,183
Dunklin County Teen Court	0	655	1,231	(576)
Interpretive Grant	0	29,683	28,028	1,655
Tax Maintenance	0	2,905	0	2,905
Total	\$ 4,348,803	5,937,481	5,790,450	4,495,834

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DUNKLIN COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,998,747	2,662,491	2,467,040	2,194,198
Special Road and Bridge	904,983	895,087	890,034	910,036
Assessment	20,137	237,018	270,200	(13,045)
Law Enforcement Training	18,707	4,117	5,704	17,120
Prosecuting Attorney Training	(721)	1,536	939	(124)
Johnson Grass	73,229	6,276	8,325	71,180
Recorder's User Fees	46,991	18,015	10,633	54,373
Criminal Investigation	26,043	3,143	4,268	24,918
Emergency 911	235,565	174,061	173,014	236,612
Victims of Domestic Violence	1,310	1,063	1,300	1,073
Prosecuting Attorney Bad Check	49,734	57,211	36,655	70,290
Health Center	201,703	790,685	742,869	249,519
Senate Bill 40 Board	215,474	210,013	260,061	165,426
Clerk's Discretionary	4,018	4,931	4,803	4,146
Domestic Violence Shelters	143	1,127	0	1,270
Hazardous Training	2,183	3,660	1,890	3,953
Juvenile Diversion Grant I	20,542	68,123	72,416	16,249
Juvenile Diversion Grant II	3,697	68,812	64,522	7,987
Juvenile Pilot Program	(11,581)	78,012	79,436	(13,005)
Guardian Ad Litem-DFS	(5,167)	10,598	12,952	(7,521)
Drainage Districts	126,445	13,849	21,229	119,065
Crime Victims Compensation	23,490	2,611	0	26,101
Prosecuting Attorney Delinquent Tax	8,805	2,107	861	10,051
Sheriff's Civil Fees	59,783	36,130	36,637	59,276
Homeless Challenge Grant	0	10,225	10,225	0
Home Study	(250)	3,400	3,400	(250)
Chemical Emergency	4,984	3,654	3,956	4,682
Capital Improvement	116,435	6,941	0	123,376
COPS Grant	0	15,683	15,683	0
MoDot Seed Grant	0	15,724	16,463	(739)
Public Safety Grant (Teen Court)	0	3,552	6,545	(2,993)
Law Enforcement Block Grant	0	13,091	12,609	482
Law Library	20,852	9,717	16,117	14,452
Associate Circuit Division Interest	972	2	655	319
Circuit Division Interest	8,303	2,821	10,798	326
Local Records	(5,840)	8,730	2,890	0
Sheriff's Equipment Grant	(74)	74	0	0
Total	\$ 4,169,642	5,444,290	5,265,129	4,348,803

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,361,530	5,460,908	99,378	5,201,645	5,060,716	(140,929)
DISBURSEMENTS	5,567,209	5,206,856	360,353	5,256,984	4,871,042	385,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	(205,679)	254,052	459,731	(55,339)	189,674	245,013
CASH, JANUARY 1	3,987,203	3,985,722	(1,481)	3,790,869	3,791,902	1,033
CASH, DECEMBER 31	3,781,524	4,239,774	458,250	3,735,530	3,981,576	246,046
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	280,000	293,003	13,003	273,271	266,553	(6,718)
Sales taxes	1,298,176	1,287,739	(10,437)	1,310,500	1,266,514	(43,986)
Intergovernmental	515,435	347,289	(168,146)	408,282	394,923	(13,359)
Charges for services	436,000	451,424	15,424	469,000	379,292	(89,708)
Interest	90,000	80,543	(9,457)	100,000	103,950	3,950
Other	81,200	72,927	(8,273)	92,524	75,399	(17,125)
Transfers in	149,000	388,468	239,468	144,053	175,860	31,807
Total Receipts	2,849,811	2,921,393	71,582	2,797,630	2,662,491	(135,139)
DISBURSEMENTS						
County Commissioner	273,380	259,949	13,431	262,943	251,726	11,217
County Clerk	153,407	144,809	8,598	155,113	151,538	3,575
Elections	100,150	83,238	16,912	49,900	44,196	5,704
Buildings and grounds	181,202	190,720	(9,518)	151,450	124,415	27,035
Employee fringe benefit	378,500	350,687	27,813	405,546	326,115	79,431
County Treasurer & Ex Officio County Collector	85,580	84,634	946	82,122	83,600	(1,478)
Recorder of Deeds	90,203	88,133	2,070	89,048	87,539	1,509
Circuit Clerk	19,085	16,348	2,737	29,137	25,251	3,886
Associate Circuit Court	10,150	8,492	1,658	13,950	14,445	(495)
Associate Circuit (Probate)	32,000	27,720	4,280	35,850	26,571	9,279
Court administration	12,625	8,557	4,068	24,775	17,261	7,514
Public Administrator	52,700	57,272	(4,572)	47,150	48,962	(1,812)
Sheriff	487,242	488,372	(1,130)	490,905	482,274	8,631
Jail	407,350	396,165	11,185	377,928	373,778	4,150
Prosecuting Attorney	192,049	196,912	(4,863)	176,049	187,206	(11,157)
Juvenile Officer	100,150	85,407	14,743	103,950	82,715	21,235
County Coroner	30,500	25,535	4,965	34,500	29,174	5,326
Paternity	92,439	90,428	2,011	110,818	89,497	21,321
Local records	0	0	0	1,535	0	1,535
Public health and welfare service	12,975	10,623	2,352	12,975	11,813	1,162
Transfers out	40,115	20,369	19,746	15,000	8,964	6,036
Emergency Fund	85,494	0	85,494	78,003	0	78,003
Total Disbursements	2,837,296	2,634,370	202,926	2,748,647	2,467,040	281,607
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,515	287,023	274,508	48,983	195,451	146,468
CASH, JANUARY 1	2,194,198	2,194,198	0	1,998,747	1,998,747	0
CASH, DECEMBER 31	2,206,713	2,481,221	274,508	2,047,730	2,194,198	146,468

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	879,040	907,417	28,377	906,920	867,985	(38,935)
Charges for service:	18,428	0	(18,428)	18,428	0	(18,428)
Interest	20,000	20,167	167	43,079	27,102	(15,977)
Total Receipts	917,468	927,584	10,116	968,427	895,087	(73,340)
DISBURSEMENTS						
Supplies	0	0	0	0	224	(224)
Road and bridge materials	10,000	0	10,000	10,000	0	10,000
Construction, repair, and maintenance	900,000	881,572	18,428	875,000	856,572	18,428
Other	20,000	0	20,000	25,000	4,185	20,815
Transfers out	27,524	27,524	0	29,053	29,053	0
Total Disbursements	957,524	909,096	48,428	939,053	890,034	49,019
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,056)	18,488	58,544	29,374	5,053	(24,321)
CASH, JANUARY 1	910,036	910,036	0	904,983	904,983	0
CASH, DECEMBER 31	869,980	928,524	58,544	934,357	910,036	(24,321)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	273,130	238,716	(34,414)	255,000	233,152	(21,848)
Interest	2,000	699	(1,301)	5,000	2,143	(2,857)
Other	1,500	1,756	256	1,700	1,723	23
Transfers in	40,115	0	(40,115)	15,000	0	(15,000)
Total Receipts	316,745	241,171	(75,574)	276,700	237,018	(39,682)
DISBURSEMENTS						
Assessor	303,700	262,977	40,723	291,466	270,200	21,266
Total Disbursements	303,700	262,977	40,723	291,466	270,200	21,266
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,045	(21,806)	(34,851)	(14,766)	(33,182)	(18,416)
CASH, JANUARY 1	(13,045)	(13,045)	0	20,137	20,137	0
CASH, DECEMBER 31	0	(34,851)	(34,851)	5,371	(13,045)	(18,416)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,594	1,594	0	0	0
Charges for service:	3,000	3,815	815	4,000	3,230	(770)
Interest	0	525	525	1,000	887	(113)
Total Receipts	3,000	5,934	2,934	5,000	4,117	(883)
DISBURSEMENTS						
Sheriff	11,450	8,909	2,541	15,300	5,704	9,596
Total Disbursements	11,450	8,909	2,541	15,300	5,704	9,596
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,450)	(2,975)	5,475	(10,300)	(1,587)	8,713
CASH, JANUARY 1	17,120	17,120	0	18,707	18,707	0
CASH, DECEMBER 31	8,670	14,145	5,475	8,407	17,120	8,713

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	919	(81)	1,300	883	(417)
Interest	0	2	2	40	4	(36)
Transfers in	2,000	1,650	(350)	0	649	649
Total Receipts	3,000	2,571	(429)	1,340	1,536	196
DISBURSEMENTS						
Prosecuting Attorney	1,250	2,447	(1,197)	1,200	939	261
Total Disbursements	1,250	2,447	(1,197)	1,200	939	261
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,750	124	(1,626)	140	597	457
CASH, JANUARY 1	(124)	(124)	0	(721)	(721)	0
CASH, DECEMBER 31	1,626	0	(1,626)	(581)	(124)	457
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	3,000	2,934	(66)	2,000	2,770	770
Interest	3,700	2,467	(1,233)	3,000	3,506	506
Total Receipts	6,700	5,401	(1,299)	5,000	6,276	1,276
DISBURSEMENTS						
Chemicals and spraying	12,000	8,272	3,728	15,600	8,125	7,475
Office expenditure:	562	357	205	1,100	200	900
Total Disbursements	12,562	8,629	3,933	16,700	8,325	8,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,862)	(3,228)	2,634	(11,700)	(2,049)	9,651
CASH, JANUARY 1	71,180	71,180	0	73,229	73,229	0
CASH, DECEMBER 31	65,318	67,952	2,634	61,529	71,180	9,651
<u>RECORDER'S USERS FEES FUND</u>						
RECEIPTS						
Charges for service:	20,000	26,642	6,642	12,500	15,625	3,125
Interest	2,300	2,266	(34)	2,500	2,390	(110)
Total Receipts	22,300	28,908	6,608	15,000	18,015	3,015
DISBURSEMENTS						
Office expenditure:	34,365	6,893	27,472	30,000	10,633	19,367
Total Disbursements	34,365	6,893	27,472	30,000	10,633	19,367
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,065)	22,015	34,080	(15,000)	7,382	22,382
CASH, JANUARY 1	54,373	54,373	0	46,991	46,991	0
CASH, DECEMBER 31	42,308	76,388	34,080	31,991	54,373	22,382

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIMINAL INVESTIGATION FUND</u>						
RECEIPTS						
Charges for service:	13,000	27,002	14,002	8,000	1,953	(6,047)
Interest	0	1,004	1,004	2,000	1,190	(810)
Total Receipts	13,000	28,006	15,006	10,000	3,143	(6,857)
DISBURSEMENTS						
Law enforcement:	9,050	7,492	1,558	9,650	4,268	5,382
Total Disbursements	9,050	7,492	1,558	9,650	4,268	5,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,950	20,514	16,564	350	(1,125)	(1,475)
CASH, JANUARY 1	24,918	24,918	0	26,043	26,043	0
CASH, DECEMBER 31	28,868	45,432	16,564	26,393	24,918	(1,475)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service:	162,000	161,626	(374)	205,000	162,195	(42,805)
Interest	5,000	3,635	(1,365)	3,500	11,706	8,206
Transfers in	0	0	0	0	160	160
Total Receipts	167,000	165,261	(1,739)	208,500	174,061	(34,439)
DISBURSEMENTS						
Salaries	0	0	0	2,200	1,370	830
Office expenditure:	13,000	11,755	1,245	42,400	36,773	5,627
Equipment	176,900	179,018	(2,118)	90,958	64,267	26,691
Mileage and training	6,000	1,587	4,413	4,200	6,879	(2,679)
Transfers out	101,000	101,130	(130)	43,000	63,725	(20,725)
Total Disbursements	296,900	293,490	3,410	182,758	173,014	9,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(129,900)	(128,229)	1,671	25,742	1,047	(24,695)
CASH, JANUARY 1	236,612	236,612	0	235,565	235,565	0
CASH, DECEMBER 31	106,712	108,383	1,671	261,307	236,612	(24,695)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,135	135	1,250	1,020	(230)
Interest	40	41	1	50	43	(7)
Total Receipts	1,040	1,176	136	1,300	1,063	(237)
DISBURSEMENTS						
Domestic violence shelter	1,000	500	500	1,300	1,300	0
Total Disbursements	1,000	500	500	1,300	1,300	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	676	636	0	(237)	(237)
CASH, JANUARY 1	1,073	1,073	0	1,310	1,310	0
CASH, DECEMBER 31	1,113	1,749	636	1,310	1,073	(237)

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Intergovernmental	0	0	0	0	9,797	9,797
Charges for service:	50,000	38,753	(11,247)	34,000	44,334	10,334
Interest	2,500	2,654	154	2,500	3,030	530
Other	0	0	0	1,000	50	(950)
Total Receipts	52,500	41,407	(11,093)	37,500	57,211	19,711
DISBURSEMENTS						
Salaries	24,500	6,976	17,524	24,168	1,651	22,517
Office expenditures:	7,750	5,601	2,149	5,500	18,503	(13,003)
Equipment	500	0	500	2,500	2,120	380
Mileage and training	2,000	1,274	726	2,500	0	2,500
Other	3,000	5,057	(2,057)	0	0	0
Transfer out	4,500	4,634	(134)	0	14,381	(14,381)
Total Disbursements	42,250	23,542	18,708	34,668	36,655	(1,987)
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,250	17,865	7,615	2,832	20,556	17,724
CASH, JANUARY 1	70,290	70,290	0	49,734	49,734	0
CASH, DECEMBER 31	80,540	88,155	7,615	52,566	70,290	17,724
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	268,465	274,131	5,666	243,000	250,237	7,237
Intergovernmental	454,201	513,845	59,644	415,000	460,770	45,770
Charges for service:	61,000	55,521	(5,479)	41,000	48,578	7,578
Interest	13,000	11,885	(1,115)	14,000	11,290	(2,710)
Other	1,100	835	(265)	500	19,810	19,310
Total Receipts	797,766	856,217	58,451	713,500	790,685	77,185
DISBURSEMENTS						
Salaries	590,440	569,860	20,580	548,000	542,696	5,304
Office expenditures:	28,300	34,110	(5,810)	27,000	33,905	(6,905)
Equipment and supplies	100,000	98,895	1,105	80,000	82,761	(2,761)
Mileage and training	21,000	17,576	3,424	20,000	20,913	(913)
Contract services	2,000	2,120	(120)	3,000	1,720	1,280
Janitorial/maintenance	17,000	21,515	(4,515)	14,000	17,258	(3,258)
Rent	4,800	4,800	0	4,800	4,800	0
Utilities	11,000	10,573	427	9,000	10,947	(1,947)
Other	23,000	26,722	(3,722)	20,000	27,869	(7,869)
Total Disbursements	797,540	786,171	11,369	725,800	742,869	(17,069)
RECEIPTS OVER (UNDER) DISBURSEMENTS	226	70,046	69,820	(12,300)	47,816	60,116
CASH, JANUARY 1	251,000	249,519	(1,481)	200,670	201,703	1,033
CASH, DECEMBER 31	251,226	319,565	68,339	188,370	249,519	61,149

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SENATE BILL 40 BOARD FUND						
RECEIPTS						
Property taxes	201,000	224,763	23,763	155,548	199,238	43,690
Intergovernmental	0	2,398	2,398	0	2,589	2,589
Interest	6,000	3,600	(2,400)	6,200	8,186	1,986
Total Receipts	207,000	230,761	23,761	161,748	210,013	48,265
DISBURSEMENTS						
Cotton Boll Shelter Workshop	111,886	111,886	0	117,942	117,942	0
Dunklin Day Facility Center	92,284	92,284	0	90,600	90,600	0
Cotton Boll Sheltered Group Home	48,312	48,312	0	48,732	48,732	0
Other	3,000	2,686	314	3,168	2,787	381
Total Disbursements	255,482	255,168	314	260,442	260,061	381
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,482)	(24,407)	24,075	(98,694)	(50,048)	48,646
CASH, JANUARY 1	165,426	165,426	0	215,474	215,474	0
CASH, DECEMBER 31	116,944	141,019	24,075	116,780	165,426	48,646
CLERK'S DISCRETIONARY FUND						
RECEIPTS						
Intergovernmental	0	1,179	1,179			
Charges for services	2,500	1,895	(605)			
Interest	200	127	(73)			
Other	1,500	1,655	155			
Transfers in	0	262	262			
Total Receipts	4,200	5,118	918			
DISBURSEMENTS						
Salaries	2,000	800	1,200			
Office expenditure	2,800	287	2,513			
Mileage and training	1,800	3,906	(2,106)			
Other	240	0	240			
Transfers out	0	2,179	(2,179)			
Total Disbursements	6,840	7,172	(332)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,640)	(2,054)	586			
CASH, JANUARY 1	4,146	4,146	0			
CASH, DECEMBER 31	\$ 1,506	2,092	586			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DUNKLIN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dunklin County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Johnson Grass Board, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Shelters Fund	2002 and 2001
Hazardous Training Fund	2002 and 2001
Juvenile Diversion Grant I Fund	2002 and 2001
Juvenile Diversion Grant II Fund	2002 and 2001
Juvenile Pilot Program Fund	2002 and 2001
Guardian Ad Litem-DFS Fund	2002 and 2001

Drainage Districts Fund	2002 and 2001
Crime Victims Compensation Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Sheriff's Civil Fees Fund	2002 and 2001
Homeless Challenge Grant Fund	2002 and 2001
Home Study Fund	2002 and 2001
Chemical Emergency Fund	2002 and 2001
Capital Improvement Fund	2002 and 2001
COPS Grant Fund	2002 and 2001
MoDot Seed Grant Fund	2002 and 2001
Public Safety Grant (Teen Court) Fund	2002 and 2001
Law Enforcement Block Grant Fund	2002 and 2001
Law Library Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Off System Bridge Fund	2002
Dunklin County Teen Court Fund	2002
Interpretive Grant Fund	2002
Tax Maintenance Fund	2002
Clerk's Discretionary Fund	2001
Local Records Fund	2001
Sheriff's Equipment Grant Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2002
Clerk's Discretionary Fund	2002
Prosecuting Attorney Bad Check Fund	2001
Health Center Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Prosecuting Attorney Training Fund for the year ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Senate Bill 40 Board Fund	2002 and 2001
Law Library Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Tax Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Senate Bill 40 Board's deposits at December 31, 2002 were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Of the Senate Bill 40 Board's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance and \$65,426 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Senate Bill 40 Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The General Revenue fund's cash balance at January 1, 2001, as previously stated has been increased by \$9,000 to reflect county monies held by the County Treasurer that were not reported previously.

The Senate Bill 40 Board fund's cash balance at January 1, 2001, as previously stated has been increased by \$215,474 to reflect monies held by the Board that were not reported previously.

The Drainage Districts fund's cash balance at January 1, 2001, as previously stated has been increased by \$26,574 to reflect county monies held by the County Treasurer that were not reported previously.

The Associate Circuit Division Interest fund's cash balance at January 1, 2001, as previously stated has been increased by \$112 to reflect county monies held by the Associate Circuit Clerk that were not reported previously.

The Circuit Division Interest fund's cash balance at January 1, 2001, as previously stated has been increased by \$5,434 to reflect county monies held by the Circuit Clerk that were not reported previously.

The Probate Division Interest fund's cash balance of \$338 at January 1, 2001, is not being reported since it was determined these monies were disbursed in 2000 by the Probate Division.

4. Subsequent Event

In August 2003, the voters of Dunklin County approved a half-cent sales tax for law enforcement services. The tax increase will be effective January 1, 2004 and is expected to generate approximately \$1,200,000 in revenues per year.

Supplementary Schedule

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 787	1,684
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1134W	0	106,828
		ERS045-2134W	107,683	47,344
		ERS045-3134W	49,314	0
	Program Total		156,997	154,172
10.559	Summer Food Service Program for Children	ERS146-1134I	0	1,740
		ERS146-2134I	1,800	0
	Program Total		1,800	1,740
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	98-PF-944	260,849	239,151
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0010	8,275	0
16.710	Public Safety Partnership and Community Policing Grant	1999-UM-WX-3194	58,337	15,683
Passed through:				
State Department of Public Safety				
16.540	Juvenile Justice and Delinquency Prevention - Allocatio to States	00-JFFX-0029	31,124	3,552
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	9,797
16.592	Local Law Enforcement Block Grants Program	2002-LB-BX-2616	406	0
		2001-LB-BX-0329	0	11,348
	Program Total		406	11,348

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	0	1,535
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO 035(30)	18,820	0
		SB-MO-01(003)	3,779	15,724
		SB-MO-01(002)	19,683	0
	Program Total		<u>42,282</u>	<u>15,724</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	0	2,427
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-1134L	0	191
93.268	Immunization Grants	PGA064-1134A	0	50
		PGA064-2134A	5,765	0
		PGA064-3134A	4,365	0
		N/A	30,772	34,909
	Program Total		<u>40,902</u>	<u>34,959</u>
93.283	Centers for Disease Control & Prevention Investigations and Technical Assistance	N/A	3,631	3,631
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	104,596	111,160
	Department of Health and Senior Services -			
93.569	Community Services Block Grant	AOC4000332	5,525	10,225
93.575	Child Care and Development Block Grant	PGA067-1134S	0	3,815
		PGA067-2134S	4,885	1,475
	Program Total		<u>4,885</u>	<u>5,290</u>

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
Department of Social Services -				
93.658	Foster Care - Title IV-E	AOC9000338	38,756	39,641
		SSO1286	1,100	1,100
		SSO1514	1,780	5,299
	Program Total		<u>41,636</u>	<u>46,040</u>
Department of Health and Senior Services				
93.945	Assistance Program for Chronic Disease Prevention and Contr	AOC01380163	0	20,000
93.991	Preventive Health and Health Services Block Gran	C100070001	0	28,206
		AOC02380052	38,867	6,121
		DH030017001	9,167	0
	Program Total		<u>48,034</u>	<u>34,327</u>
93.994	Maternal and Child Health Service: Block Grant to the States	AOCO1380044	18,902	25,124
		ERS146-1134M	0	29,934
		ERS146-2134M	23,565	3,655
		ERS146-3134M	10,921	0
		N/A	288	2,386
	Program Total		<u>53,676</u>	<u>61,099</u>
	Total Expenditures of Federal Award:		<u>\$ 863,742</u>	<u>783,735</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

DUNKLIN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dunklin County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$260,849 and \$239,151 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Dunklin County, Missouri

Compliance

We have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dunklin County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2 and 02-3.

Internal Control Over Compliance

The management of Dunklin County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2 and 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Dunklin County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
16.710	Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Omission of Budgetary Information

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for twenty-eight different county funds for the two years ended December 31, 2002. Funds for which formal budgets were not prepared included funds used by the Sheriff such as the Sheriff's Civil Fee Fund, the COPS Grant Fund, and the Law Enforcement Block Grant Fund. In addition, various funds related to the grant funding of the Juvenile Office were also not budgeted, including the Juvenile Diversion Grant I Fund, the Juvenile Diversion Grant II Fund, and the Juvenile Pilot Program Fund. The lack of budgetary information for these funds is a significant omission from the county's financial statements. Although some of the unbudgeted funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Receipts which were not budgeted totaled \$476,573 and \$383,574 for 2002 and 2001, respectively. Disbursements which were not budgeted totaled \$583,994 and \$394,087 for 2002 and 2001, respectively. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

The significant number of funds maintained by the county may contribute to the lack of budgetary information. For the two years ended December 31, 2002, the county maintained forty-one different funds; however, only thirteen of these funds were consistently budgeted. The County Commission should review the county's need for such a large number of funds. If determined that each of the different funds are necessary, the County Commission should take responsibility to ensure that each fund is properly budgeted.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission along with other applicable officials ensure budgets are prepared for all county funds as required by state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will try to improve on the budgeting of all county funds.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1134W, ERS045-2134W, & ERS045-3134W
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	98-PF-944
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	1999-UM-WX-3194
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on the programs that were reported. As a result, expenditures were understated by approximately \$131,000 and overstated by approximately \$459,000 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

A similar condition was noted in the two prior reports.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and the County Clerk indicated they will use the schedule included in the audit report as a starting point and make any necessary changes to ensure a better schedule is prepared.

02-3.

Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 035(30)
Award Year:	2002
Questioned Costs:	Not applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program.

The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted that each of the three reimbursements received by the county in 2002 were held for various time periods prior to disbursement. Two payments totaling \$15,563 and \$2,074 were each held for 10 days. In addition, a payment totaling \$1,183 was received on December 2, 2002, but had not been disbursed as of June 2003. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the Missouri Department of Transportation (MoDOT) Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will work to improve our procedures. We have now disbursed the \$1,183 to the contractor.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DUNKLIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DUNKLIN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-035 (16)
Award Year:	1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.667
Program Title:	Juvenile Diversion Grants #1 and #2
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Defense
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 12.112
Program Title: Payments to States in Lieu of Taxes
Pass-Through Entity
Identifying Number: Not applicable
Award Year: 2000
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: Department of Economic Development
Federal CFDA Number: 14.Unknown
Program Title: Micro Lending
Pass-Through Entity
Identifying Number: Not applicable
Award Year: 2000
Questioned Costs: Not applicable

The county's procedures used to track federal awards for the preparation of the SEFA were inadequate.

Recommendation:

The County Clerk obtain technical assistance from the state or another County that has resolved this problem to determine how to coordinate the reporting of federal awards. A training session in this area may be appropriate.

Status:

Not implemented. See finding number 02-2.

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: State Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity
Identifying Number: BRO-035 (16)
Award Year: 1999
Questioned Costs: Not applicable

The county obtained advance payments of expenses and did not comply with the reimbursement requirements of the program.

Recommendation:

The county comply with the requirements to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program. The county discuss the erroneous statement in the MoDOT Agency Manual referring to the program as not being a grant program.

Status:

Not implemented. See finding number 02-3.

99-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's
Pass-Through Entity	
Identifying Number:	98-PF-945
Award Year:	2000
Questioned Costs:	Under the statutory limit

- A. The County did not adequately monitor the third-party administrator's procedures for cash draws.
- B. The County did not maintain copies of grant correspondence, files, invoices, and remittance advices in regards to the CDBG grant program, however, the third-party administrator did.

Recommendation:

The County:

- A. Review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate.
- B. Obtain duplicate copies of all correspondence, files, contracts, invoices, and other documentation from the third-party administrator.

Status:

- A. Partially implemented. While improvement was made, two instances were noted in which monies were expended in ten days instead of within the five-day limit as required by program guidelines. Although not repeated in the current report, our recommendation remains as stated above.

B. Implemented.

99-3. Procurement

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services/Division of Youth Services
Federal CFDA Number:	93.667
Program Title:	Juvenile Diversion
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2000
Questioned Costs:	Not applicable

The Juvenile Diversion program procured contractual services from a sole-source provider to provide services to at-risk youths. Background checks on subcontractor's employees were not obtained and a copy of the Governor's Executive Order requiring background checks was not provided to the subcontractor.

Recommendation:

The Juvenile Program document the procurement files when a sole-source provider is utilized. In addition, the Program should obtain background checks as required by the contract.

Status:

No federal monies were received under this program during the years ended December 31, 2002 and 2001.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DUNKLIN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. That report expressed a qualified opinion on the financial statements. We also have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Dunklin County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices and Published Financial Statements
--

The county approved expenditures in excess of available monies, budgeted deficit balances for some funds, did not include some funds in the published financial statements, and did not ensure all townships prepared and published financial statements.

- A. The County Commission approved expenditures in excess of available monies. Negative ending cash balances occurred in various funds as follows:

Fund	Year Ended December 31,	
	2002	2001
Assessment	\$ (34,851)	(13,045)
Prosecuting Attorney Training	N/A	(124)
Juvenile Diversion Grant II	(2,841)	N/A
Juvenile Pilot Program	(6,798)	(13,005)
Guardian Ad Litem-DFS	N/A	(7,521)
Home Study	N/A	(250)
MoDot Seed Grant	N/A	(739)
Public Safety Grant (Teen Court)	(5,408)	(2,993)
Dunklin County Teen Court	(576)	N/A

The negative cash balances were a result of expenditures being authorized when no funds were available, or when expected reimbursements were not received prior to year end. To satisfy the obligations, these funds had to become indebted to other county funds. Article VI, Section 26(a) of the Missouri Constitution states, "no county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

The County Commission should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

- B. Although Section 50.740, RSMo 2000, requires balanced budgets, the County Commission budgeted for a deficit of \$79,251 for the Assessment Fund for the year ended December 31, 2003, and a deficit of \$581 for the Prosecuting Attorney Training Fund for the year ended December 31, 2001. In addition, Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. A complete and well-planned budget, in addition to meeting statutory requirements, serves as a useful management tool by establishing specific cost expectations for each area and provides a means to effectively monitor actual costs.

- C. The county's annual published financial statements did not include financial activity for several county funds, including the Senate Bill 40 Board Fund and the Health Center Fund, as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.
- D. The County Clerk does not ensure township road boards' financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

Condition C was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.
- B. Refrain from budgeting a deficit to ensure all funds do not project a negative cash balance.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they concur.

C. The County Commission indicated they concur and will work with the other officials to ensure all funds are published.

D. The County Commission and the County Clerk indicated they will work with the townships to ensure notification of publication of the townships' financial statements is received.

Problems were noted regarding county expenditures including the leasing of a vehicle by the 911 Board and paying for a Christmas party using the Sheriff's Civil Fees Fund.

- A. The 911 Board authorized payment of \$7,700 in 2002 and \$7,348 in 2003 for the leasing of a vehicle by the 911 Coordinator. The 911 Coordinator used the vehicle approximately seven months each year while conducting 911 mapping activities. According to the 911 Coordinator, a vehicle was leased instead of paying mileage to avoid wear and tear on his personal vehicle and because the rental agency gave the 911 Board a discount for an extended period lease. The 911 Coordinator also indicated that he was not sure if the county's insurance would apply to personal vehicles, but that insurance was provided as part of the lease.

This expenditure may not have been cost effective. A cost analysis was not done by the 911 Board to determine the cost of leasing a vehicle versus the cost of reimbursing for mileage. While mileage records were not available for the 2002 lease, the rental agency indicated that 2,389 miles (average of approximately 340 miles a month) were driven during the 2003 lease. Reimbursing the 911 Coordinator for mileage at \$0.345 per mile would have cost only \$824.

While the 911 Board does oversee the activity of the Emergency 911 Fund, the monies are under the custody of the County Treasurer and the County Commission reviews all expenditures. The County Commission and the 911 Board should ensure county funds are spent only on items which are necessary and beneficial to county residents.

- B. In December 2002, the Sheriff authorized payment of \$357 from the Sheriff's Civil Fees Fund for an employee Christmas party. This payment supported by a memo prepared by the Sheriff was reviewed and approved by the County Commission. The Sheriff indicated statutes provide that he can spend the monies in the Sheriff's Civil Fee Fund at his discretion. While Section 57.280, RSMo 2000, does appear to allow for these monies to be spent at the Sheriff's discretion, an employee Christmas party does not appear to be a prudent use of county funds. County officials should ensure county funds are spent only on items which are necessary and beneficial to county residents.

WE RECOMMEND the County Commission:

- A. And the 911 Board ensure all expenditures of county monies are a necessary and prudent use of public funds.
- B. And the Sheriff ensure all expenditures of county monies are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will review expenditures and make recommendations if needed.*

The 911 Board indicated that a cost analysis will be conducted for any future expenditure of such nature and or size, and that monies under the control of the 911 Board will be spent only on items that are necessary and beneficial to the county residents.

- B. *The County Commission indicated they concur.*

The Sheriff indicated Section 57.280, RSMo 2000, allows for discretionary spending of the Sheriff on this account. He obtained approval (not necessary) from the county commission prior to spending the funds. The funds were spent in such a way that they were beneficial to county residents. Employees are county residents. In addition, the Sheriff indicated that this fund has remitted \$20,000 over to the county.

3. Personnel Policies and Procedures

Several concerns were noted regarding the county's personnel policies and procedures including timesheets not always indicating actual hours worked, the lack of detailed leave records, and errors in the Sheriff's department timesheets. In addition, the county paid occupational performance awards totaling \$19,425 to county employees and two former employees were overpaid upon their termination.

- A. Timesheets prepared by county employees did not always indicate actual hours worked. Timesheets must be submitted two days prior to the last County Commission meeting of the month for employees to be paid on that date. When submitting the timesheets, employees show actual hours worked through the date they are submitting their timesheet and estimate the hours they will work during the remainder of the month. No documentation was available to indicate that the hours actually worked were ever compared to the hours previously estimated.

The practice of paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The County Commission should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

Proper control over payroll requires documentation, such as timesheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. In addition, the Fair Labor Standards Act (FLSA) requires accurate records of actual time worked by employees be maintained.

- B. The County Clerk does not maintain records of vacation leave, sick leave, or compensatory time earned, taken, or accumulated. The County Clerk indicated leave records are to be maintained by each individual office. However of three offices reviewed, leave records were not maintained by the Prosecuting Attorney or the County Clerk.

Without centralized and complete leave records, the County Commission cannot ensure that employee's vacation leave, sick leave and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

- C. Errors and inconsistencies were noted on the Sheriff's department deputies timesheets in how the total hours worked were being computed. Deputies who are salaried employees are paid overtime for any time worked in excess of 171 hours in a 28 day cycle as required by the FLSA. Calculation of hours worked in a 28 day cycle is generated from a computer system in which the beginning and ending dates of the desired 28 day period are entered. For each deputy, a separate timesheet is generated that indicates the individual days and hours worked, with any hours worked in excess of 171 being paid to the deputy at the rate of time and one-half.

Three instances were noted in which the dates specified for the timesheets resulted in either more than a 28 day cycle or resulted in overlapping dates being reported on multiple timesheets. One timesheet for the period of December 13, 2002 through January 10, 2003 covered 29 days and resulted in a deputy being paid an additional \$145 in overtime pay for time worked on the 29th day. In addition, the timesheet for the next pay cycle started with January 10, 2003. Therefore, hours worked on January 10 were counted twice in the pay calculations. Although the other two instances included similar overlapping dates, no overpayment occurred due to the deputies not exceeding 171 hours worked during the period and therefore no overtime was paid.

It appears that timesheets for Sheriff's department employees are not being reviewed in adequate detail. While not all instances of overlapping timesheet periods result in overpayments being made, all timesheets should be adequately reviewed for accuracy to ensure proper payment.

- D. The county paid occupational performance awards totaling \$19,425 to county employees during the year ended December 31, 2002. Full-time employees were paid \$350 and part-time employees were paid \$175. The County Commission indicated these awards were paid since employees did not receive a 4% cost of living adjustment during the year.

These occupational performance awards or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate Article III, Section 39 of the Missouri Constitution and appear contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

E. Inadequate procedures regarding employment terminations resulted in two employees being overpaid. No procedures exist to ensure salaried employees that terminate employment during a pay period are properly paid or to ensure the payroll clerk is notified of all employment terminations. These inadequate procedures resulted in the following overpayments:

- 1) In January 2002, a dispatcher with the Sheriff's department was paid a full month's salary after terminating employment even though the dispatcher did not work the entire month. The dispatcher only worked 44 hours during the month resulting in a salary overpayment of \$807. No subsequent review was performed to ensure that payroll activity was properly processed and the appropriate salary amount was paid.
- 2) In October 2002, a dispatcher with the Sheriff's department was paid a full month's salary after terminating employment in September 2002, resulting in an overpayment of \$1,534. This overpayment occurred due to a lack of communication between the Sheriff's department and the payroll clerk regarding the individual's termination of employment.

In each of the above instances, unsuccessful attempts by the county to collect on the overpayment from the former employees resulted in the county turning the matters over to the Prosecuting Attorney. Developing procedures to ensure all payroll changes resulting from employee terminations are properly processed will aid in determining final pay for employees leaving county employment.

Condition B was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Develop payroll procedures to ensure county employees are paid based on actual hours worked.
- B. Ensure a balance of leave accumulated and taken for each employee is centrally maintained by the County Clerk.
- C. Ensure timesheets are reviewed in adequate detail.

- D. Discontinue the practice of paying bonuses to employees.
- E. Develop procedures to inform the payroll clerk of all employment terminations. In addition, procedures should be developed to ensure all payroll modifications are accurately processed by the computer system.

AUDITEE'S RESPONSE

- A. *We concur.*
- B. *We do not believe this is necessary because each employee must use leave within the calendar year and cannot carry unused leave to subsequent years. Should an employee leave county employment during the year, we review timesheets submitted during the year to determine payment for any unused leave.*
- C. *We will discuss this with the Sheriff to ensure timesheets are reviewed.*
- D. *We will take this under advisement.*
- E. *We have implemented procedures to correct this. The payroll clerk no longer issues payroll checks without current timesheets on file. These instances appear to have been due to miscommunication and should not be a problem in the future.*

4. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has not updated the inventory listing of fixed assets held by county officials since 1998. Examples of items purchased which were not included on the fixed asset listing include digital recording equipment costing \$23,000, computers, printer, copier, filing cabinets and desks.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department

shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk.

A similar condition was noted in our two prior reports.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

AUDITEE'S RESPONSE

We are working to improve fixed asset procedures. We have developed a spreadsheet to use to record property and have purchased property control tags.

5.

Computer Controls

The county uses a mainframe computer with which to perform its general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions. Several concerns were noted with the operation of this system including passwords are not changed on a periodic basis to ensure confidentiality, there is no formal contingency plan for the computer system in case of emergency, and backup disks are not stored at an off-site location.

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.
- C. Backup disks are not stored at an off-site location. Backup of computer information provides a means for recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the

original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.

Conditions A and B were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *We will discuss this with the data programmer.*
- B. *We concur.*
- C. *We will begin storing backup disks offsite on a monthly basis.*

6. Board of Prisoners

Procedures for billing other cities and counties for boarding their prisoners are not adequate. According to the most recent report of prisoner incarceration costs, total incarceration costs were approximately \$478,000 for the year ended December 31, 2001.

- A. The Sheriff's department houses prisoners for various cities within the county in the county jail and bills the cities for these services. Dunklin County established a billing rate for the cities at \$4 a day, except for the city of Kennett, which is billed a flat rate of \$600 a month. In its most recent report of prisoner incarceration costs submitted to the State Office of Administration, the county calculated its daily prisoner cost to be approximately \$21. By establishing a billing rate that is not sufficient to recover all costs, the county is subsidizing the cost to house other political subdivisions' prisoners. For example, in November 2001, the county housed 29 prisoners totaling 107 prisoner days for the city of Kennett. At a cost of \$21 per day, the cost to house the prisoners from the city of Kennett was \$2,247; however, only \$600 was collected. In addition, no written agreement existed between Dunklin County and the city of Kennett for these services. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail. In addition, the County Commission should develop a written contract with the city of Kennett regarding inmate housing and related fees.

- B. The Sheriff's department houses prisoners for other counties in the county jail and periodically bills the other counties for these services. However, the Sheriff has not established a formal policy for billing other counties and there is no set fee that the Sheriff charges other counties for housing their prisoners. The Sheriff stated that the fees, if any, charged by the Sheriff's department often depends on the fee, if any, that the other county charged Dunklin County.

In addition, the Sheriff does not maintain a log of amounts billed to or collected from the other counties. While the Sheriff maintains a report of all prisoners housed from other counties, there is no documentation to support if the other counties were billed or the fees charged to the other counties.

The Sheriff should establish written procedures for the billing of fees charged to other counties for the housing of prisoners. In addition, the Sheriff should maintain a log of amounts billed to and collected from the various counties to track amounts due and to ensure all outstanding amounts are received in a timely manner.

Condition A was noted in our two prior reports.

WE RECOMMEND the Sheriff:

- A. And the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover costs of housing prisoners in the Dunklin County jail. In addition, the county should obtain written agreements with the city of Kennett for the boarding of inmates.
- B. Establish and implement procedures regarding the billing of prisoners housed from other counties. In addition, maintain a log of amounts billed to and collected from the various counties for boarding of prisoners as a means to track and follow-up on amounts due to the county.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will discuss this with the Sheriff and try to develop a more equitable rate. The County Commission will try to locate the contract with the City of Kennett and will consider obtaining agreements with each city.*

The Sheriff indicated the County Commission and he have in the past reviewed the cost of operating the jail to include any indirect costs. A rate of \$4 per day has been set for political

subdivisions with the exception of the City of Kennett which is \$600 per month. There is apparently a written agreement somewhere in the system either with the Kennett City officials or the County Officials. The Sheriff indicated the county is honoring an agreement made by their predecessors. The fee currently charged to all municipal entities allows them to incarcerate individuals without placing a burden on their city budget. Incarceration reports will reflect most incarceration stays will be 24 hours or less. The Sheriff also indicated that in a cost savings move made by the State of Missouri, they have cut their rate paid to the county for housing inmates. The Sheriff indicated he does not think the county is doing anything less than what the State of Missouri is doing.

- B. *A daily board rate of \$35 has been established for boarding prisoners from other counties. It will be at the Sheriff's discretion as to when a rate may be waived or changed for counties, municipalities, state or federal government agencies. Board billings will be maintained on a monthly basis.*

7. County Treasurer's Accounting Controls and Procedures

Several problems were noted concerning the County Treasurer's accounting controls and procedures. Receipt slips issued do not always indicate method of payment and checks and money orders are not always restrictively endorsed immediately upon receipt. In addition, deposits are not always made on a timely basis and follow up procedures on old outstanding checks are not adequate. Also, some monies were not deposited into the correct fund.

- A. The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and composition of the receipt slips issued should be reconciled to the composition of deposits.
- B. Checks and money orders are not restrictively endorsed immediately upon receipt. The endorsements are applied when deposits are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Deposits are not always made on a timely basis. Our review of deposits made from October 2002 through December 2002 indicated deposits are made approximately three times a week and averaged approximately \$14,931. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The County Treasurer does not adequately follow up on old outstanding checks. At December 31, 2002, the County Treasurer had eleven checks totaling \$255 that were over a year old including two checks totaling \$63 issued in 2000 to a county employee and the Presiding Judge of the 35th Judicial Circuit. There is no documentation that the payees of these checks have been notified and the monies

remain in the County Treasurer's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- E. Two instances were noted in which monies appeared to be deposited into the incorrect fund.
 - 1) Section 136.150 RSMo, indicates that one-half of the delinquent tax fee received from the state is to be deposited into the Prosecuting Attorney Delinquent Tax Fund and the other one-half is to be deposited into the General Revenue Fund. Several payments were not split between funds but were fully deposited into the General Revenue Fund. As a result, the County Treasurer should transfer \$2,886 from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.
 - 2) The county annually receives monies from the state Peace Officer Standards and Training (POST) Commission Fund in accordance with Section 590.178, RSMo 2000, to be used exclusively for training of law enforcement personnel. In 2001, POST Commission Fund monies totaling \$1,106 were deposited into the Hazardous Training Fund. While the Hazardous Training Fund also appears to be used for training purposes, county personnel could not provide explanation as to why the POST Commission Fund monies were deposited into the Hazardous Training Fund or had no controls in place to ensure these monies would be spent in accordance with state law. Normally these monies are deposited into the Law Enforcement Training Fund. The County Treasurer should transfer \$1,106 to that fund.

Conditions A and B were noted in our prior report.

WE RECOMMEND the County Treasurer:

- A. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E.1. Transfer \$2,886 from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.

2. Transfer \$1,106 from the Hazardous Training Fund to the Law Enforcement Training Fund.

AUDITEE'S RESPONSE

- A. *We are currently indicating cash receipts and we will begin indicating all check receipts as well on the receipt slips and we will reconcile the composition of receipts to composition of deposits.*
- B. *This has been implemented.*
- C. *We are now trying to deposit daily.*
- D. *We will attempt to resolve the old outstanding checks by either reissuing the check or discussing the proper resolution of these checks with the Prosecuting Attorney.*
- E. *This has been implemented.*

8. Assessor's Accounting Controls and Procedures

The Assessor transmitted approximately \$1,700 each year to the County Treasurer from the sale of maps, public record information, and photocopies. The Assessor does not maintain adequate records to account for monies received. Receipt slips are not issued for monies received and receipts are not transmitted to the County Treasurer intact on a timely basis. In addition, checks are not restrictively endorsed upon receipt.

- A. Prenumbered receipt slips are not issued for monies received. To ensure receipts are accounted for properly, official prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for. In addition, to ensure all receipts are remitted intact, the method of payment should be recorded on all receipt slips, and the composition of receipt slips issued should be reconciled to the composition of the transmittal.
- B. Receipts are not transmitted to the County Treasurer on a timely basis. The Assessor's office transmitted receipts averaging \$220 to the County Treasurer eight times in 2002 and transmitted receipts averaging \$189 nine times in 2001. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
- C. Receipts are not transmitted to the County Treasurer intact as cash is withheld to make change. In addition, receipts totaling over \$132 were used to purchase postage stamps, office supplies, and flowers. Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to

lessen the possibility of loss or misuse of funds. If a change fund is determined to be necessary, it should be maintained at a constant amount. In addition, these monies represent accountable fees which should be turned over to the County Treasurer. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies to the county treasury. There is no statutory authority for the Assessor to expend these monies except as provided for in the county budget and made through the County Commission's normal disbursement process.

- D. Checks are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer when checks are transmitted by the Assessor. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the Assessor:

- A. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Transmit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
- C. Determine if a change fund is needed. If a change fund is needed it should be maintained at a constant amount. In addition, make all purchases through the county expenditure process.
- D. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

- A. *We have started issuing prenumbered receipt slips for all monies received which indicate method of payment. We will reconcile the composition of receipts to the composition of monies transmitted.*
- B. *This has been implemented.*
- C. *We will discuss with the County Commission setting up a petty cash fund which will be replenished on a periodic basis for various miscellaneous expenses made.*
- D. *This has been implemented.*

9. Ex-Officio County Collector's Accounting Controls and Procedures
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The Ex-Officio County Collector's office processed property taxes, copies, and information requests totaling approximately \$2.5 million for the years ended February 28, 2003 and 2002, respectively. Several problems were noted with the Ex-Officio County Collector's accounting controls and procedures including copy and information request receipts are not deposited intact, and checks received for copies and information requests are not restrictively endorsed immediately upon receipt. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances, partial payments received for tax collections have not been deposited, and interest earned on bank deposits has not been distributed. Also, annual settlements have not been filed and some distribution errors have been made.

- A. Receipts collected for copies and information requests are not deposited intact with property tax collections of the Ex-Officio County Collector. Copy and information request receipts are transmitted on a monthly basis to the County Treasurer for deposit. In addition, checks received for copies and information requests are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer upon deposit. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100, and all checks should be restrictively endorsed immediately upon receipt.
- B. Monthly listings of liabilities are not prepared and reconciled to cash balances. Several errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations. Some of these errors include:
 - 1) Distributions of December 2001 railroad and utility tax collections were not made to the General Revenue Fund and the Assessment Fund for commissions and fees of \$34,187 and \$11,396, respectively.
 - 2) Distributions of December 2000 surtax collections were not made to the General Revenue Fund and the Assessment Fund for commissions and fees of \$5,059 and \$1,676, respectively.
 - 3) Interest of \$20,392 earned on bank deposits since March 2001 was not distributed to the applicable political subdivisions and funds. This is discussed in more detail at Part D.

These errors were not detected because the Ex-Officio County Collector did not prepare and reconcile monthly listings of liabilities to the reconciled bank balance. As of February 28, 2003, the reconciled bank balance was approximately \$95,100 more than February distributions, including unidentified monies totaling \$22,415. Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are

sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- C. The Ex-Officio County Collector accepts partial payments from taxpayers who are unable to pay their tax bill in full. The Ex-Officio County Collector holds these funds in escrow until the tax bill is fully paid, whereupon she marks the taxes as paid in the tax book. The Ex-Officio County Collector has not deposited \$1,299 in partial payments received since March 2001. Partial payment monies received are maintained in separate envelopes for each taxpayer and kept in the vault. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, partial payments should be deposited into the Ex-Officio County Collector's official bank account.

The practice of accepting partial payments, combined with the problems which presently exist, increase the opportunity of errors and the loss of funds.

- D. The Ex-Officio County Collector has not distributed interest earned on bank deposits since March 2001. As of February 28, 2003, cumulative interest totaled \$20,392. According to the Ex-Officio County Collector, the interest had not been disbursed because she was not sure how to allocate the interest monies to the various political subdivisions.

Section 110.150.2, RSMo 2000, and Missouri Attorney General's Opinions No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, health center funds, library funds, special road and bridge funds, assessment funds, and bond debt service funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund. To allocate the interest equitably, the percentage of tax collections should be used.

- E. Section 139.160, RSMo 2000, requires the Ex-Officio County Collector to file an annual settlement with the County Commission by the first Monday in March of each year. The Ex-Officio County Collector has not prepared or filed annual settlements for the years ended February 28(29), 2003, 2002, 2001, and 2000.

For the County Clerk and County Commission to properly verify the various tax books and tax collections, it is imperative the Ex-Officio County Collector file annual settlements on a timely basis. In addition, timely completion of the annual settlements is an essential part of the checks and balances system established by state law.

- F. Due to an insufficient review of the monthly settlements and monthly distributions, the following errors occurred which resulted in improper distributions being made:
- 1) Personal property tax receipts and real estate tax receipts collected during November 2001 were inaccurately totaled resulting in an overpayment of \$398 in tax collections paid to the Senate Bill 40 Board and an underpayment to the Ambulance Fund.
 - 2) Some monies due to the General Revenue Fund and the Assessment Fund were incorrectly paid to the County Employees' Retirement Fund (CERF). In 2000 and 1999, \$38,659 due to the General Revenue Fund and \$11,179 due to the Assessment Fund for commissions and fees collected on railroad and utility tax receipts was improperly paid to CERF.
 - 3) The one-percent Assessment withholding and the three-percent commission withholding was not calculated correctly for five months in 2001. These errors resulted in commissions of approximately \$7,900 being under withheld for the General Revenue Fund and fees of approximately \$2,600 being under withheld for the Assessment Fund.

These errors could have been detected had an adequate review of the monthly settlements and the monthly distribution records been performed to ensure all distributions were reasonable. These records should be reviewed for possible irregularities and significant fluctuations over time that would indicate possible inaccuracies had occurred in the distribution calculations.

Conditions similar to B, D, and E were noted in our prior report.

WE RECOMMEND the Ex-Officio County Collector:

- A. Deposit all monies received intact daily and restrictively endorse checks immediately upon receipt.
- B. Reconcile monthly listings of liabilities to the reconciled bank balance and attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law. In addition, disburse \$39,246 to the General Revenue Fund and \$13,072 to the Assessment Fund.
- C. Deposit all partial payments into her official bank account. Furthermore, the Ex-Officio County Collector should reconsider the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.

- D. Allocate interest in accordance with state statutes and Attorney General's opinions.
- E. Ensure annual settlements are completed annually and filed with the County Commission as required by statute.
- F. Ensure adequate reviews of the monthly settlements and monthly distributions are performed. In addition, review the improper distributions and make the appropriate adjustments to the various funds.

AUDITEE'S RESPONSE

- A. *The monies are being deposited weekly into the County Treasurer's account. All checks are being endorsed when received.*
- B. *We will try to reconcile liabilities with the reconciled bank balance monthly. We will make an attempt at identifying the excess cash balance and will look into the disbursement of these monies. We will disburse the monies to the General Revenue Fund and the Assessment Fund.*
- C. *We have discontinued the practice of accepting partial payments. We have returned most partial payments to the taxpayers and currently only one partial payment is on hand as we have not been able to return those monies.*
- D. *Accumulated interest as of February 2003 has been disbursed. In the future, we will disburse interest annually.*
- E. *We will file annual settlements in the future.*
- F. *The overpayment made to the Senate Bill 40 Board has been corrected with the Ambulance Fund. We are in the process of receiving credit for the overpayment made to CERF, and we will review the commission and fee errors and make the appropriate adjustments.*

AUDITOR'S COMMENT

- E. Section 139.160, RSMo 2000 requires settlements to be filed each year.

10. Associate Circuit Division's Accounting Controls and Procedures
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The Associate Circuit Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of approximately \$377,600 and \$267,200 during the years ended December 31, 2002 and 2001, respectively. Concerns with the Associate Circuit Division's accounting controls and procedures included bank reconciliations not being prepared, checks being outstanding for a considerable length of time, and no documentation to support how monthly disbursement amounts were determined. In addition, the numerical

sequence of receipt slips is not accounted for and the composition of receipts is not always reconciled to the composition of deposits.

- A. The Associate Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to perform bank reconciliations on the operating bank account of the Associate Circuit Division. The Associate Circuit Clerk does not generate a bank reconciliation report each month to review in conjunction with the bank statement. In addition, no documentation is received from OSCA pertaining to the completed bank reconciliation. Upon our request, the Associate Circuit Clerk obtained from OSCA a copy of the bank reconciliation for December 31, 2002. Included on this bank reconciliation are numerous adjustments that were made to reconcile the bank balance with the Associate Circuit Division's accounting system. Examples of the adjustments include monies that were deposited but had not been recorded in the accounting system, or which had been recorded in the accounting system at different amounts. In addition, we noted an adjustment of \$1,393 which was due to an unidentified difference. This adjustment was necessary to increase the reconciled bank balance to agree to the balance reported by the accounting system.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA may provide support to various Associate Circuit Clerk offices throughout the state, it is the Associate Circuit Clerk's responsibility to perform bank reconciliations and ensure their accuracy.

- B. The Associate Circuit Division does not adequately follow up on old outstanding checks. At December 31, 2002, the Associate Circuit Division had four checks totaling \$145 which were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Associate Circuit Division's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- C. The Associate Circuit Clerk does not retain any documentation to support how monthly disbursement amounts were determined. Disbursement amounts are determined from the accounting system but this report is not retained. In addition, due to adjustments made to the accounting system after December 2001, reports could not be generated to reflect the exact activity of the accounting system as of December 2001.

Without adequate documentation, there is no assurance proper disbursements have been made. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the

course of their public duties are public property and are not to be disposed of except as provided by law.

- D. The Associate Circuit Division does not account for the numerical sequence of receipt slips and the composition of receipts per the daily accounting records is not always reconciled to the composition of deposits. To ensure receipts are accounted for properly, the numerical sequence of receipt slips should be accounted for and the composition of monies received and recorded (i.e. cash, checks, and money orders) should be reconciled to the composition of monies deposited.

WE RECOMMEND the Associate Circuit Clerk:

- A. Prepare and vouch monthly bank reconciliations. Also, investigate the adjustments being made to the bank reconciliations and attempt to resolve all amounts.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Retain records in a secure location in accordance with state law to provide assurance that all transactions are valid and proper.
- D. Account for the numerical sequence of receipt slips and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

- A. *We started doing the bank reconciliations in August 2003 and are working with OSCA to resolve the adjustments.*
- B. *We will work with OSCA to resolve the old outstanding checks and will monitor for future checks that have been outstanding for a considerable time.*
- C. *All records are being retained and we will ensure the documentation supports the amounts disbursed.*
- D. *We are currently accounting for the numerical sequence of receipt slips and are also reconciling the composition of receipts to the composition of bank deposits.*

11. Probate Division's Accounting Controls and Procedures
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The Probate Division processed receipts of approximately \$30,600 and \$22,700 in 2002 and 2001, respectively. Concerns with the Probate Division's accounting controls and procedures included segregation of accounting duties were not adequate, bank reconciliations were not always prepared on a monthly basis, and open items listings were not prepared and

reconciled to cash balances for all bank accounts. In addition, documentation was not adequate to support monies expended from the savings account, receipts are not deposited timely, and fees received are not always turned over to the state and the County Treasurer on a timely basis.

- A. Accounting duties are not adequately segregated. One individual is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining accounting records. There are no documented reviews of the accounting records by the Associate Circuit Judge.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Prior to the implementation of a new computer system in June 2001 and the opening of a new Probate Division bank account, the Probate Division maintained several bank accounts that were used for such transactions as juvenile restitution, operations of the Probate Division, and a savings account used to maintain the Probate Division Interest Fund. During our review of the Probate Division bank accounts, the following concerns were noted:

- 1) Bank reconciliations were not always prepared on a monthly basis for the Probate Division bank accounts. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.
- 2) As of December 31, 2002, the balances of the juvenile restitution account and the old Probate Division account were approximately \$1,910 and \$205, respectively. Probate Division personnel indicated they currently are unaware of how this money should be disbursed and cannot locate any documentation, such as open items listings, to indicate how these monies were received.

Monthly listings of open items should be prepared and reconciled to the cash balance of all bank accounts to ensure records are in balance and monies are identified. The Probate Division should attempt to resolve the monies in the juvenile restitution account and the old Probate Division account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

- 3) The Probate Division was unable to provide documentation to support the disbursement of \$338 of interest monies from the savings account. These monies were withdrawn by a former Probate Clerk; however, the Probate Division was not able to provide documentation or an explanation to determine what happened to these monies.

Since no documentation could be provided to support the handling of these monies, it is questionable that these monies were properly disbursed. Retention of records and adequate documentation is necessary to ensure the validity of transactions and to provide an audit trail. The Associate Circuit Judge should investigate the handling of the monies withdrawn from the savings account.

- C. Deposits are not always made on a timely basis. Deposits averaging approximately \$1,600 were made only one to two times a month and were only made on nineteen days during 2002. No deposits were made between May 24, 2002 and July 11, 2002, and the total deposit made on July 11, 2002 was \$3,339. In addition, no deposits were made between November 22, 2002 and January 2, 2003, and the total deposit made on January 2, 2003 was \$1,928.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- D. Fees received were not always disbursed to the state and the County Treasurer monthly. For example, fee collections from August through November 2002 were not disbursed until December 31, 2002. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

Conditions A and C were noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Prepare bank reconciliations for all accounts on a monthly basis. In addition, ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
- 2. Attempt to identify the unidentified balances of the old Probate Division bank accounts. Any monies remaining unidentified should be disposed of in accordance with state law.
- 3. Investigate the handling of the monies withdrawn from the savings account and ensure proper documentation is retained regarding all transactions and operations of the Probate Division.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

AUDITEE'S RESPONSE

- A. *The Associate Circuit Judge indicated the duties have been segregated by having one probate clerk prepare the deposit. The second probate clerk reviews the deposit with the cashier report and then takes the deposit to the bank.*
- B.1. *The Associate Circuit Judge indicated bank reconciliations are currently being done on the new bank account and the juvenile restitution account. For the other bank account, bank statements are compared from month to month to ensure no activity has occurred other than bank charges which are being discussed with the bank. An open items listing is maintained on the current bank account and the other two bank accounts are being reviewed.*
2. *The Associate Circuit Judge indicated they have been unable to identify the monies of these accounts and will discuss with the Prosecuting Attorney as to the proper disposition of these monies.*
3. *The Associate Circuit Judge indicated the former clerk and he are certain these monies were used for office supplies and expenses; however, they were unable to locate any documentation regarding these expenditures. The Associate Circuit Judge indicated documentation of expenditures made from interest monies will be retained.*
- C&D. *The Associate Circuit Judge indicated these have been implemented.*

12. Prosecuting Attorney's Accounting Controls and Procedures
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The Prosecuting Attorney collected fees and restitution on bad checks and court-ordered restitution monies totaling approximately \$572,200 and \$418,500 for the years ended December 31, 2002 and 2001, respectively. The Prosecuting Attorney's office requires offenders to remit money orders, payable to the merchant or victim for restitution and payable to the Prosecuting Attorney's office for bad check administrative fees. Prosecuting Attorney's office personnel indicated their procedure is to transmit restitution money orders to merchants and deposit bad check administrative fee money orders. Concerns with the Prosecuting Attorney's restitution accounting controls and procedures included money orders are not always transmitted or deposited on a timely basis and an adequate follow up on old outstanding checks is not performed. In addition, the Prosecuting Attorney sometimes reduces speeding tickets to non-point speeding tickets by requiring the defendants to make a "contribution" to the Criminal Investigation Fund as a condition of reducing the charges and entering into a plea bargain.

- A. Money orders are not always transmitted or deposited on a timely basis. On May 7, 2003, money orders payable to merchants totaling over \$6,500 had been held for up to two weeks. During October through December 2002, deposits were made approximately two to three times a month and averaged approximately \$2,500.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted or deposited daily or when accumulated receipts exceed \$100.

- B. The Prosecuting Attorney does not adequately follow up on old outstanding checks. At December 31, 2002, the Prosecuting Attorney had seven checks totaling \$221 that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Prosecuting Attorney's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- C. Contribution collections for the Criminal Investigation Fund totaled approximately \$26,400 and \$14,000 for the years ended December 31, 2002 and 2001, respectively.

- 1) Disbursements made from the Criminal Investigation Fund are for law enforcement purposes. By accepting the contributions, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund maintained by the state.

- 2) The Prosecuting Attorney does not make the judge aware of the contribution when presenting the plea bargain to the court.

Opinion 176 issued by the Judicial Commission on Retirement, Removal, and Discipline, states, "Even though the judge does not impose a charitable or civic payment as part of a sentence or condition of probation, when the judge knows such a payment is a pre-condition to receiving the recommendation, the appearance of a 'payoff' remains. The judge has the obligation to review the plea agreement and exercise discretion in a manner so as not to create the appearance of a 'payoff'. The judge should not approve such a plea bargain absent an ordinance, statute, or constitutional provision authorizing such payments."

The Prosecuting Attorney and Associate Circuit Judge should reevaluate whether these circumstances allow the judge to make an informed decision or whether this practice should be discontinued.

Condition A was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Transmit or deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. And the Associate Circuit Judge determine whether requiring contributions as part of a plea bargain is acceptable. If this practice is continued, the Prosecuting Attorney and the Associate Circuit Judge should establish guidelines for how contribution amounts are determined.

AUDITEE'S RESPONSE

- A. *The Prosecuting Attorney indicated they are depositing and transmitting more frequently as deposits and transmittals are made at least weekly.*
- B. *The Prosecuting Attorney indicated they will follow up on these old outstanding checks and monitor this in the future.*
- C. *The Prosecuting Attorney indicated they have discontinued receiving contributions on speeding tickets. They will continue to receive contributions on suspended imposition of sentence cases which is not a condition of the plea bargain.*

The Associate Circuit Judge indicated from his understanding of the opinion, he cannot have any knowledge of any plea bargain arrangements or help to establish any guidelines for how contributions are being determined.

13. Public Administrator's Accounting Controls and Procedures
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The Public Administrator acts as the court appointed personal representative for approximately 176 wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. Concerns with the Public Administrator's accounting controls and procedures included no documentation is maintained of monthly bank reconciliations, supporting documentation is not filed with annual settlements, and annual settlements are prepared based on bank statements and canceled checks instead of book records.

- A. The Public Administrator indicated she performs monthly bank reconciliations for each ward; however, the reconciliations are done on the computer system and the reconciliation is not printed. Thus, no documentation of the reconciliations is maintained. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect errors on a timely basis.

B. A review of the annual settlements filed by the Public Administrator indicated the following problems:

- 1) Bank statements are filed with the Public Administrator's settlements; however, vouchers or invoices supporting disbursements are not submitted for review by the Probate Court. The Associate Circuit (Probate) Judge should consider requiring supporting documentation to be submitted for all expenditures to provide assurance that all disbursements are valid and proper.
- 2) During 2002 and 2001, the Public Administrator used local attorneys to prepare the annual settlements. The attorneys prepare the annual settlements using bank statements and canceled checks. By not using the Public Administrator's records, checks that had been issued, but had not cleared the bank were not included, causing an overstatement of assets and an understatement of expenditures. The annual settlements should present a complete account of all transactions that have occurred to better present the financial condition of the ward. If the Public Administrator retained documentation of monthly bank reconciliations, as suggested in Part A, this information could be used to facilitate the preparation of the annual settlements.

In addition, the Probate Court does not account for the numerical sequence of check numbers during their review of annual settlements to ensure that all disbursements have been reported.

Annual settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected.

WE RECOMMEND the Public Administrator:

- A. Retain documentation of monthly bank reconciliations.
- B.1. Submit supporting documentation for all disbursements made on behalf of wards to the Probate Court for review. In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.
2. Prepare annual settlements using book records to ensure a complete and accurate account of all transactions is provided. In addition, the Associate Circuit Judge should require the numerical sequence of checks issued be reviewed to ensure that all checks are adequately accounted for.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. This has been implemented.*
- B.1. A lot of expenditures are the same from month to month and with over one hundred and fifty cases, this is a lot of documentation to submit to the Associate Circuit Judge. The documentation is available and submitted to the Associate Circuit Judge upon request.*
- 2. Since January, we have been completing most annual settlements ourselves. Our computer system generates the annual settlement but is based on checks cleared versus checks written. The estates do have some outstanding checks but the annual settlements will generally materially represent the position of the estate. We will provide a listing of uncleared checks along with the annual settlement to provide the Associate Circuit Judge with additional information.*

The Associate Circuit Judge provided the following responses:

- B.1. We review every settlement and require documentation for non routine disbursements. Settlements are also periodically reviewed for asset purchases and we require that those items be itemized on the settlement and carried over with each succeeding settlement.*
- 2. We will review the numerical sequence on a random basis.*

14. Recorder of Deeds' Accounting Controls and Procedures
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The Recorder of Deeds' office collects various fees for recording documents such as marriage licenses, etc. Monies are not deposited intact as cash refunds are made for overpayments of fees paid by check. In addition, receipts are not deposited on a timely basis. Our review of deposits made during October 2002 through December 2002 indicated deposits are made approximately twice a week and averaged approximately \$2,100.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and all refunds should be made by check.

This condition was noted in our two prior reports.

WE AGAIN RECOMMEND the Recorder of Deeds deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, refunds should be made by check.

AUDITEE'S RESPONSE

Deposits will be made more frequently. Refunds by check are now being made if the amount of the refund is over \$3. Refunds will be made in cash if the amount is less than \$3. Thus, the number of cash refunds will decrease.

15. Sheriff's Accounting Controls and Procedures

The Sheriff's department collected various criminal and civil fees, bonds, inmate monies, gun permit fees, and reimbursements for boarding and transporting prisoners totaling approximately \$175,100 and \$206,700 for the years ended December 31, 2002 and 2001, respectively. Concerns regarding the Sheriff's accounting controls and procedures included the inventory listing of seized property is not complete or accurate and procedures have not been implemented to periodically review cases and dispose of related seized property items. In addition, the Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers and no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees.

A. Our review of seized property noted the following concerns:

- 1) While an inventory listing of seized property is maintained, the listing does not appear complete or accurate. Several items located in the evidence room were not included on the inventory listing. In addition, periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- 2) Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

B. The Sheriff and his deputies frequently serve papers for attorneys, courts, and other counties relating to civil cases. The Sheriff's department collects fees and mileage reimbursements in return for serving papers. The following concerns were noted:

- 1) The Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers. Fees paid by attorneys, courts, and other counties are accountable fees and consist of a \$20 base fee for each civil paper service request, as well as mileage reimbursement determined by the location of the individual being served. As papers are served, the paper service fees are deposited into the Sheriff's fee account. On a monthly basis, the \$20 base fee is remitted to the County Treasurer and the mileage monies are paid directly to the Sheriff or the deputy who performed the paper service. Civil mileage is also reported to the county on the monthly mileage reports with mileage being reimbursed by the General Revenue Fund. There appears to be no evidence to indicate that the reimbursement paid directly to the Sheriff or the deputy for civil mileage has not already been reimbursed by the General Revenue Fund. For the two years ended December 31, 2002, approximately \$33,500 was paid from the Sheriff's fee account for civil mileage which appears to have been also reimbursed by the General Revenue Fund.

To ensure all monies are accounted for properly, all receipts from entities for civil paper service, including the base fee and the mileage reimbursement, should be deposited in the Sheriff's bank account and remitted to the county treasury. Section 57.407, RSMo 2000, requires the Sheriff to turn over accountable fees to the county treasury.

- 2) For civil paper service fees not received prior to delivery of the papers, no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Sheriff:

- A.1. Maintain a complete inventory listing of all seized property which is updated for both additions and dispositions. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.
- B.1. Discontinue reimbursing mileage costs for civil paper service from the Sheriff's fee account. All paper service fees should be remitted to the County Treasurer.

2. Issue receipt slips for civil paper service fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
3. Establish adequate procedures to monitor and collect unpaid paper service fees.

AUDITEE'S RESPONSE

- A.1. *We will review our procedures and implement any steps necessary to adhere to the recommendation. We have obtained a bar code system to help monitor seized property and hope to change to this system sometime next year.*
2. *We will review our procedures and implement any steps necessary to adhere to the recommendation. We have requested authorization to dispose of some items and will request authorization for additional items that could be disposed of.*
- B.1. *We have made changes regarding civil mileage paid to the deputies. While this mileage is still paid from the Sheriff's fee account, civil mileage is now being deducted from the mileage reported to the county, thereby eliminating the double payment. We are working with the County Commission to increase the mileage cap imposed by the county.*
2. *We have a policy in place that allows us to bill for unpaid paper service fees. In most cases we do not attempt to serve papers unless they are pre-paid. It is usually the counties that are the delinquent payers. We are currently monitoring for unpaid paper service fees and will attempt to collect on fees outstanding. There are some papers mailed to us that according to the statutes we cannot charge for. It is these instances that the deputy does not get paid for performing a service for the court.*

16. Sheriff's Commissary Accounting Controls and Procedures
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The Sheriff maintains a commissary account for the deposit of inmates' money and commissary operations and profits. Deposits to this account totaled approximately \$148,000 and \$57,000 for the years ended December 31, 2002 and 2001, respectively. Inmates order various personal items from the commissary and the money is deducted from their account. Any remaining monies are paid to the inmate upon release. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system.

Inadequate controls and procedures of the commissary account resulted in the theft of \$18,854 in inmate monies being undetected for over eight months. Between May 2001 and January 2002, an employee misappropriated the inmate monies by collecting commissary cash receipts at the time of inmates' arrest, and then retaining the monies for personal use. The misappropriation of inmate monies was detected when the commissary vendor contacted the Sheriff regarding non payment of invoices. The Sheriff investigated the misappropriation and the employee was terminated from county employment. Criminal charges were filed,

and the former employee pled guilty. The former employee was placed on two years probation and paid restitution of \$18,854. The Sheriff indicated new controls and procedures were implemented following the theft to prevent such activity from occurring again. However, several concerns were noted regarding the controls and procedures, including the following: numerical sequence of receipt slips is not accounted for, monthly listings of open items are not reconciled to cash balances, and inmate balances are not reviewed to ensure unclaimed monies are resolved in a timely manner. Also, a \$1 booking fee is not consistently charged and profit earned on commissary sales is not adequately monitored.

- A. The numerical sequence of receipt slips is not accounted for to ensure all monies receipted were properly deposited. In addition, voided receipt slips are not always retained. To ensure receipts are accounted for properly, the numerical sequence of receipt slips should be accounted for and voided receipt slips should be properly mutilated and retained.
- B. Monthly listings of open items (liabilities) are not reconciled to cash balances. Included within the balance of the Sheriff's commissary checking account are monies due to the Sheriff for the \$1 booking fees, profit earned on sales, monies due the commissary vendor for purchases, and the total of the individual inmate balances. Balances for each of these liabilities are maintained on computer files but the balances do not reconcile to the total in the account. According to the Sheriff's records, the total liabilities existing as of December 31, 2002 totaled \$12,570, of which \$4,545 consisted of prisoner monies. However, the reconciled bank balance was \$5,089 for a shortage of \$7,481.

This discrepancy between liabilities and cash balance may be due to several factors. First, inconsistencies were noted in the documentation supporting the calculation of misappropriated monies as determined by the commissary vendor. These inconsistencies included adjustments made by the commissary vendor for which no explanations could be provided, not including all applicable deposits in the calculation, and not including the entire time frame of the deputy's involvement with the commissary. These inconsistencies appear to indicate that the calculation of misappropriated monies, for which restitution was subsequently made, may not have been accurate.

Second, in addition to the adjustments made by the commissary vendor noted above, other adjustments had been made by the commissary vendor to the Sheriff's commissary account. These adjustments appear to have been made in an attempt to record the misappropriation of monies in the commissary account. However, the Sheriff had no explanation from the commissary vendor for these adjustments. In addition, no documentation was available to support how the adjustment amount was determined.

Third, as described in part E, profit earned on commissary sales is not adequately monitored. Therefore, at the time \$10,000 in profit was disbursed from the commissary account, we were unable to verify the amount of profit earnings available.

The above factors may contribute to the discrepancy between liabilities and the cash balance of the commissary account. The Sheriff should work with the commissary vendor to ensure the inconsistencies and concerns noted above are resolved. In addition, the Sheriff should perform monthly reconciliations of liabilities and cash balances. Monthly reconciliations of liabilities and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

- C. At December 31, 2002, 493 inmates had closed accounts indicating that the inmate was released from the county jail but the balance of their commissary account was not claimed. Of the 493 closed inmate accounts, 140 accounts totaling \$2,433 had balances over \$1 and 353 accounts totaling \$109 had balances less than \$1. These closed accounts with inmate balances create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- D. Inmates are charged a \$1 booking fee at the time of incarceration. When an inmate is booked, any money they have is collected and deposited into their commissary account. At this time, \$1 is to be allocated from their inmate commissary account balance and recorded as a booking fee due to the Sheriff and later turned over to the General Revenue Fund. The Sheriff's department personnel indicated the booking fee was charged to offset the time, effort, and expense of booking inmates. However, the Sheriff could not provide any statutory authority authorizing the collection of this fee. During our review of commissary procedures, we noted that the \$1 booking fee is not consistently charged to all inmates, however no explanation was provided as to why.
- E. Profit earned on commissary sales is not adequately monitored and turned over to the General Revenue Fund in a timely manner. As commissary items are purchased from the commissary vendor, the Sheriff earns profit on these sales. In August 2002, the Sheriff turned over \$10,000 in commissary profits to the General Revenue Fund. However, there were no procedures in place to monitor accumulated profit, and no

documentation to support how the \$10,000 was determined. Consistently monitoring the amount of profit earned on commissary sales and disbursing this profit to the General Revenue Fund on a monthly basis serves as a means to ensure all monies are accounted for properly.

WE RECOMMEND the Sheriff:

- A. Account for the numerical sequence of receipt slips and retain all copies of voided receipt slips.
- B. Work with the commissary vendor to reconcile liabilities of the commissary account, including individual inmate balances, to the total monies on deposit in the commissary account on a monthly basis.
- C. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
- D. Review the charging of booking fees with the Prosecuting Attorney to ensure the fee is appropriate. If determined appropriate, ensure all inmates are charged the \$1 commissary booking fee on a consistent basis.
- E. Establish procedures to consistently monitor the profit earned on commissary sales and ensure all profit earnings are disbursed to the General Revenue Fund in a timely manner.

AUDITEE'S RESPONSE

- A. *Voided receipts are retained. We are working with the vendor on the numerical sequence of receipts.*
- B. *We are currently working with the commissary vendor to reconcile liabilities.*
- C. *We are attempting to resolve unclaimed balances of closed inmate accounts. There are unanswered questions as to how this procedure should be accomplished which we are attempting to resolve.*
- D. *We will continue to charge a \$1 fee to open a commissary account. Steps are being taken to assure that each inmate who has a commissary account is charged the \$1 fee.*
- E. *We have and will continue to work with the vendor to monitor the profit earned on commissary sales.*

Concerns with the Health Center's records and procedures include accounting duties are not adequately segregated, the budget was not sufficiently detailed, disbursements and year-end cash balances reported on the budgets did not agree to the accounting records or the total reconciled bank balances at year-end, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets prepared by employees did not always indicate actual hours worked and fixed asset records are not adequate.

- A. Accounting duties are not adequately segregated. Although all employees receipt monies, one individual is responsible for depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. The Health Center Director indicated no independent review is performed to ensure that receipts are properly recorded and deposited intact.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Our review of the budgets noted the following concerns:

- 1) The Health Center budget was not sufficiently detailed. Several budgeted and actual receipts and/or disbursements were reported in category total only with no descriptive classifications for the categories. The Profit and Loss Statement used to prepare the Health Center budget does include detailed receipt and disbursement classifications, but this detail is not reported in the budget. To be of maximum benefit to the Health Center Board of Trustees and to adequately inform county residents of the Health Center's operations, a complete and detailed budget document is needed. The Health Center Board of Trustees should consider using the detailed receipt and disbursement classifications from the Profit and Loss Statement when preparing the budget.
- 2) Disbursements and year-end cash balances reported on the Health Center's annual budgets did not agree to the Health Center's internal accounting records or the total reconciled bank balances at year-end. For example, for the year ended December 31, 2002, an adjustment of \$3,420 was necessary to agree the year-end cash balance on the Health Center's annual budget to the total reconciled bank balance. In addition, the cash balance on the budget was adjusted for a payroll liability amount. The Health Center indicated adjustments may be made after year end for voided checks but could not provide an explanation for the payroll liability adjustment and has no procedures to ensure amounts reported in the budget agree to internal accounting records. For the annual budgets to present the Health Center's complete financial activity, all monies received and disbursed in a calendar

year should be reflected in the Health Center's budget document and agreed to the year-end reconciled bank balance.

- 3) The Health Center does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$17,069 for the year ended December 31, 2001. There was no budget amendment filed to authorize the additional expenditures.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted.

- C. Timesheets prepared by employees did not always indicate actual hours worked. Timesheets must be submitted one day prior to the date paid for employees to be paid on that date. When submitting the timesheets, employees indicate actual hours worked through the date they are submitting their timesheet and estimate the hours they will work during the next day. No documentation was available to indicate that the hours actually worked were compared to the hours estimated.

The practice of paying employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The Health Center Board of Trustees should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

- D. Our review of the general fixed asset records noted the following concerns:

- 1) Property records do not include all information applicable to the item. Information such as acquisition dates and cost are not indicated for several items on the property control record.
- 2) The Health Center does not have formal procedures for disposing of Health Center owned property. No written authorization for disposal is obtained from the Board of Trustees. Written authorization for the disposal of property and documentation of the date and method of disposition are necessary to lessen the possibility of misuse and to provide adequate support for changes to the general fixed asset records.

Adequate general fixed asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

Conditions A, B.1, B.2, D.1, and D.2 were noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Include detailed classifications of receipts and disbursements in the budgets.
 - 2. Ensure all financial information is properly reflected in the annual budget document.
 - 3. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Develop payroll procedures which require all employees to be paid based on actual hours worked.
- D.1. Ensure property control records include a detailed description of each fixed asset as to acquisition date and cost.
 - 2. Establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and date and method of disposition should be recorded on the general fixed asset records.

AUDITEE'S RESPONSE

- A. *Currently, the Health Center Director is periodically reviewing the daily receipts, the one-write ledger and the deposits, and also periodically (every two to three months) reviewing the bank reconciliations. These reviews are documented by initialing the records reviewed.*
- B.1. *We concur. We will use the Profit and Loss Statement to prepare a more detailed budget for 2004.*
 - 2. *We have been trying to determine why the adjustments are necessary. We want the financial information to agree to the budget information.*
 - 3. *We concur. We will prepare budget amendments should anticipated disbursements exceed budgeted amounts.*
- C. *We concur. All employees are now paid based on actual hours worked.*

D.1. *We concur. We are in the process of updating fixed asset records.*

2. *The Board has authorized the Health Center Director to dispose of property that is unserviceable or obsolete and valued at less than \$1,000 and this will be recorded in the fixed asset records. Items over \$1,000 will be presented to the Board.*

18. Senate Bill 40 Board Procedures
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The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by approximately \$65,000 at December 31, 2001. In addition, the Senate Bill 40 Board deposits were under collateralized by approximately \$194,000 and \$134,000 in January 2002 and January 2003, respectively. The high balances in January 2002 and January 2003 occurred due to the receipt of property tax monies in January causing the balances to be unusually high.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

Additional securities have been pledged by the bank to cover this excess and we will monitor our balances to have additional securities pledged if necessary.

Follow-Up on Prior Audit Findings

DUNKLIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dunklin County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998 and our Special Review of the Dunklin County Ex-Officio County Collector, issued October 11, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Budgets were not obtained or prepared for several county funds.
- B. Actual disbursements exceeded the approved budgeted amounts in several county funds.
- C.1. The county did not publish the annual financial statement in a timely manner.
- 2. The annual published financial statement for 1997 did not include financial activity for several funds and the eight townships. In addition, the total receipts, total disbursements, and the beginning and ending balance for the General Revenue Fund were not presented in the recapitulation.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds as required by statute.
- B. Not authorize warrants in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.
- C.1. And the Health Center Board of Trustees ensure financial statements are published by the first Monday in March of each year.
- 2. And the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with statute.

Status:

- A. Not implemented. See finding number 02-1.

- B. Not implemented. See MAR finding number 1.
- C.1. Partially implemented. While improvement was noted in the publication date of the county's financial statements, publication did not occur by the first Monday in March. Although not repeated in the current report, our recommendation remains as stated above.
- 2. Not implemented. See MAR finding number 1.

2. County Treasurer's Accounting Controls and Procedures

- A. The method of payment was not consistently indicated on the receipt slips. In addition, monies were not deposited intact.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Accounting and bookkeeping duties were not adequately segregated.
- D. Interest of approximately \$62,623 earned on the NOW checking account had not been allocated to the various funds.

Recommendation:

The County Treasurer:

- A. Record the method of payment on each receipt slip issued. Account for the numerical sequence and reconcile the composition of receipts to the composition of bank deposits. In addition, deposit all monies intact and write checks for refunds of overpayments.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

Status:

- A. Partially implemented. The numerical sequence of receipts is accounted for and the composition of receipts is reconciled to the composition of bank deposits. In addition, all monies are deposited intact and no cash refunds are given for overpayments. However, the method of payment is not consistently indicated on the receipt slips. See MAR finding number 7.

B. Not implemented. See MAR finding number 7.

C&D. Implemented.

3. Flood Control Distribution

The County received approximately \$13,588 in flood control monies since 1989 and did not distribute these monies in accordance with the statutes.

Recommendation:

The County Commission have all flood control lands assessed, determine how much of the \$13,588 discussed above is due the various school districts and townships, and distribute that amount to those entities. In addition, any future flood control monies received should be distributed in accordance with Section 12.100, RSMo 1994.

Status:

Not implemented. While the County Commission has not distributed any flood control monies, only \$825 was received in flood control monies for the two years ended December 31, 2002. Although not repeated in the current report, our recommendation remains as stated above.

4. General Fixed Asset Records and Procedures

- A. The County Clerk did not maintain property records in a manner that balances can be reconciled from period to period. In addition, property records did not always include all information applicable to the item.
- B. An annual inventory of all general fixed assets was not conducted and inspections of county-owned land and buildings were not conducted.
- C. General fixed assets were not consistently numbered, tagged, or otherwise identified as county property.

Recommendation:

The County Clerk:

- A. Ensure reconciliations are performed between prior year general fixed asset records and current year general fixed asset records which document total additions, deletions, and balances. In addition, the County Clerk should ensure property control records include a detailed description of each fixed asset as to property tag numbers and the method of disposition.

- B. Perform an annual inventory of all general fixed asset items and quarterly inspections of buildings and land in accordance with Section 51.155, RSMo Cum. Supp. 1998. Records should be maintained to document the inventory and inspections.
- C. Properly number, tag, or otherwise identify all county-owned property with an original cost of \$250 or more and include the tag numbers on the property control record.

Status:

Not implemented. See MAR finding number 4.

5. Computer Controls

- A. Passwords which restrict employee access to computer files were not changed periodically, and some passwords were not kept confidential.
- B. The county did not have a formal emergency contingency plan for its computer systems. In addition, some of the areas housing computer hardware and software were not equipped with fire detection, smoke detection, or extinguishing systems.
- C. Control and proof functions were not performed by the County Clerk or the County Treasurer and Ex Officio County Collector to ensure that no data were added or lost during processing.

Recommendation:

The County Commission:

- A. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems and equip areas that house computer hardware and software with fire detectors, smoke detectors, or extinguishing systems.
- C. Require control and proof functions to be performed by someone other than the computer operator to ensure that no data was added or lost during processing.

Status:

- A Not implemented. See MAR finding number 5.

B. Partially implemented. Computer systems areas are equipped with fire detectors, smoke detectors, or extinguishing systems. However, a formal contingency plan has not been developed. See MAR finding number 5.

C. Implemented.

6. Personnel Policies and Procedures

A. Centralized records of leave balances and leave used and earned were not maintained.

B. The Public Administrator received a salary of \$4,000 in 1997, even though the Public Administrator received fees totaling \$41,972. The \$4,000 salary is only allowable when fees received totaled less than \$25,000.

Recommendation:

The County Commission:

A. Maintain centralized records of leave earned, used, and accumulated for all county employees.

B. Review this situation with the Prosecuting Attorney to ensure the proper amount was paid to the Public Administrator and seek reimbursement for any overpayments.

Status:

A. Not implemented. See MAR finding number 3.

B. Not Implemented. The County Commission did not review this situation with the Prosecuting Attorney and did not seek reimbursement for any overpayments. Although not repeated in the current report, our recommendation remains as stated above.

7. Board of Prisoners

The county billed cities for boarding prisoners at a rate that was not sufficient to recover all costs associated with boarding prisoners and charged the city of Kennett a flat rate of \$600 a month.

Recommendation:

The Sheriff and the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover costs of housing prisoners in the Dunklin County jail. In addition, the county should obtain written agreements with the City of Kennett for the boarding of inmates.

Status:

Not implemented. See MAR finding number 6.

8. Ex Officio County Collector's Accounting Controls and Procedures

See the audit report on Dunklin County, Missouri Ex-Officio County Collector (report number 2000-109).

9. Circuit Clerk's Accounting Controls and Procedure

- A. Civil and criminal receipts were not deposited on a timely basis.
- B. Formal bank reconciliations were not prepared for the new child support account on a timely basis.
- C. The monthly listing of open items did not reconcile to the cash balance for either the old or the new child support account.

Recommendation:

The Circuit Clerk:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Perform bank reconciliations and post reconciling items on a timely basis, so that errors or irregularities will be detected on a timely basis.
- C. Reconcile the monthly listing of open items to the cash balance for all accounts. In addition, any unidentified monies should be disposed of in accordance with state law.

Status:

Implemented.

10. Prosecuting Attorney's Accounting Controls and Procedures

- A. Backup disks of computerized bad check information were not prepared.
- B.1. Money orders for bad check restitution made payable to merchants were not always transmitted on a timely basis and bad check fees were not deposited on a timely basis.
- 2. Checks and money orders were not restrictively endorsed immediately upon receipt.

- C. Monthly listings of open items were not prepared for the old and new checking accounts, and consequently, open items were not reconciled with cash balances.

Recommendation:

The Prosecuting Attorney:

- A. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.
- B.1. Transmit bad check restitutions to merchants on a timely basis and deposit all monies intact daily or when accumulated receipts exceed \$100.
 - 2. Restrictively endorse checks and money orders immediately upon receipt.
- C. Prepare a monthly listing of open items and reconcile these listings to monies held in trust. In addition, review the account's open items and resolve any old open items in a timely manner.

Status:

A, B.2,
&C. Implemented.

B.1. Not implemented. See MAR finding number 12.

11. County Clerk's Accounting Controls and Procedures

- A. Receipt slips issued were not prenumbered and the method of payment was not always indicated on the receipt slips.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.

Recommendation:

The County Clerk:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Partially implemented. While prenumbered receipt slips are issued and the numerical sequence is accounted for, the method of payment is not always indicated on the receipt slips and the composition of receipts is not reconciled to the composition of monies transmitted. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

12. Probate Division's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B.1. The method of payment was not indicated on the receipt slips issued for the juvenile account. In addition, the numerical sequence of receipt slips was not accounted for.
 - 2. Receipts were not deposited to the probate account on a timely basis.

Recommendation:

The Probate Judge:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits. In addition, the numerical sequence of receipt slips should be accounted for.
 - 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.

Status:

- A&
- B.2. Not implemented. See MAR finding number 11.
- B.1. Implemented.

13. Assessor's Accounting Controls and Procedures

- A. Receipt slips were not issued for monies received.
- B. Receipts were not transmitted to the County Treasurer on a timely basis or transmitted intact.

- C. Checks were not restrictively endorsed immediately upon receipt.

Recommendation:

The Assessor:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Transmit all monies to the County Treasurer intact monthly as required by Section 50.360, RSMo 1994, and maintain the change fund at a constant amount.
- C. Restrictively endorse checks immediately upon receipt.

Status:

Not implemented. See MAR finding number 8.

14. Recorder of Deeds' Accounting Controls and Procedures

Receipts were not deposited intact or on a timely basis.

Recommendation:

The Recorder of Deeds record copy monies as received and deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, refunds should be made by check.

Status:

Not implemented. See MAR finding number 14.

15. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The method of payment received was not indicated on the receipt slips issued.
- C. Receipts were not deposited on a timely basis.
- D. Monthly listings of open items were not prepared.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Prepare a monthly listing of open items and reconcile these listings to monies held in trust. In addition, any unidentified monies should be disposed of in accordance with state law.

Status:

A&B. Implemented.

- C. Partially implemented. While improvement in the frequency of deposits was noted, deposits are still not being made daily or when accumulated receipts exceed \$100. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. Although this recommendation was implemented for the Sheriff's fee account, this concern was noted for the Sheriff's Commissary account. See MAR finding number 16.

16. Health Center Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B.1. The Health Center budget was not sufficiently detailed.
 - 2. Receipts, disbursements and year end cash balances reported on the Health Center's annual budget did not agree to the Health Center's internal accounting records or the total reconciled bank balances at year end.
- C.1. The one-write and vital records receipt slips were not prenumbered. In addition, all receipts were not immediately posted to the cash control records.
 - 2. Receipts were not deposited on a timely basis.
 - 3. The method of payment received was not indicated on the receipt slips issued.

- 4. Checks and money orders were not restrictively endorsed immediately upon receipt.
- D. Collateral security pledged by the Health's Center's depository banks at December 31, 1997, was insufficient by approximately \$45,400.
- D. The Health Center did not agree leave records to employee time sheets.
- F.1. The Health Center Director approved some payments to vendors without requiring acknowledgement of receipt of goods or services. In addition, invoices were not always canceled or marked paid after payment was made.
- 2. The Health Center did not always obtain written contracts for services received.
- G.1. An annual inventory of all general fixed assets was not being conducted.
- 2. The Health Center did not maintain property records in a manner that balances can be reconciled from period to period. In addition, property records did not include all information applicable to the item.
- 3. Some fixed assets were not consistently numbered, tagged, or otherwise identified as Health Center owned property.
- 4. The Health Center did not have formal procedures for disposing of Health Center owned property.
- H.1. Passwords, which restrict employee access to computer files, were not changed periodically, and passwords were not kept confidential.
- 2. The Health Center did not have a formal emergency contingency plan for its computer systems. In addition, some of the areas housing computer hardware and software were not equipped with fire detection, smoke detection or extinguishing systems.
- 3. The Health Center backup disks of all financial data were not stored at an off site location.

Recommendation:

The Health Center Board of Trustees:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Include detailed classifications of receipts and disbursements in the budgets.

2. Ensure all receipts, disbursements and ending cash balances are properly reflected in the annual budget document.
- C.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. In addition, ensure all receipts are posted to the cash control record when received.
 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
 3. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
 4. Restrictively endorse checks and money orders immediately upon receipt.
- D. Ensure adequate collateral securities are pledged to protect the Health Center's funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.
- E. Maintain accurate leave records for all Health Center employees and ensure the leave records agree to time sheets.
- F.1. Require acknowledgement of receipt of goods and/or services prior to payment. In addition, ensure all invoices are canceled when paid to prevent the possibility of duplicate payment.
 2. Enter into written contracts that specifically state the services to be provided to the Health Center. Any expenditures made should be monitored for compliance with the terms of the contract.
- G.1. Perform an annual inventory of all general fixed asset items. Records should be maintained to document the inventory.
 2. Ensure reconciliations are performed between prior year general fixed asset records and current year general fixed asset records which document total additions, deletions, and balances. In addition, ensure property control records include a detailed description of each fixed asset as to acquisition date and cost.
 3. Properly number or tag all fixed asset items.
 4. Establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and date and method of disposition should be recorded in the general fixed asset records.
- H.1. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

2. Develop a formal contingency plan for the Health Center's computer systems and equip all areas that house computer hardware and software with fire detectors, smoke detectors or extinguishing systems.
3. Ensure backup disks are prepared and stored in a secure, off site location.

Status:

A, B,
G.2&

G.4. Not implemented. See MAR finding number 17.

C.1-3

D, E,

G.1, G.3,

H.1,

&H.3. Implemented.

C.4. Not implemented. While checks and money orders are not always restrictively endorsed immediately upon receipt, deposits are generally made daily and restrictive endorsement is applied at that time. Although not repeated in the current report, our recommendation remains as stated above.

F.1. Not implemented. While improvement was made, instances were still noted in which acknowledgment of receipt of goods and/or services was not indicated prior to payment and all invoices were not canceled. Although not repeated in the current report, our recommendation remains as stated above.

F.2. Partially implemented. While improvement was made, written contracts are still needed for some services received. Although not repeated in the current report, our recommendation remains as stated above.

H.2. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

SPECIAL REVIEW OF
DUNKLIN COUNTY EX-OFFICIO COUNTY COLLECTOR

1. Reconciliation of Ex-Officio County Collector's Records

A. Monthly bank reconciliations were inadequate.

B. Monthly listing of liabilities were not prepared and reconciled to cash balances.

- C. The method of payment received was not consistently indicated on the receipt slip or on the paid tax receipt. Additionally, tax receipts and other monies were not reconciled to the composition of bank deposits.

Recommendation:

The Ex-Officio County Collector:

- A. Perform accurate monthly bank reconciliations.
- B. Prepare monthly listings of liabilities and reconcile the listings to the reconciled bank balances.
- C. Record the method of payment on each receipt slip issued and each paid tax receipt. In addition, the Ex-Officio County Collector should prepare a daily abstract of all receipts and reconcile the composition of receipts per the daily abstract to the composition of bank deposits.

Status:

A&C. Implemented.

- B. Not implemented. See MAR finding number 9.

2. Ex-Officio County Collector's Accounting Controls and Procedures

- A. The receipt slip books used for some drainage districts and levee collections were not prenumbered. In addition, different receipt slip books were used for each drainage and levee district and the Ex-Officio County Collector used multiple receipt slip books for the same drainage or levee district even though the receipt slip book had not been completed. Consequently, the numerical sequence of receipt slips issued was not accounted for.
- B. Interest totaling approximately \$18,099 had not been distributed.
- C. The annual settlement of the Ex-Officio County Collector was not completed and filed on a timely basis.
- D. The Ex-Officio County Collector had not adequately followed up on old outstanding checks.
- E. Postage stamps totaling \$1,980 were purchased from the Ex-Officio County Collector bank account even though the Ex-Officio County Collector had no authority to make purchases from political subdivisions' tax monies.

- F. The Ex-Officio County Collector disbursed \$4,185 more in interest to the County Treasurer's Special Road and Bridge Fund than applicable.

Recommendation:

The Ex-Officio County Collector:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips. Records should be adequately maintained to ensure all monies have been disbursed to the drainage districts and levee districts.
- B. Allocate interest in accordance with state statutes and Attorney General's opinions.
- C. Ensure annual settlements are completed in a timely manner.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Discontinue the practice of purchasing postage stamps from the Ex-Officio County Collector's bank account. Reimbursement of \$1,980 should be obtained from the General Revenue Fund.
- F. Obtain reimbursement of \$4,185 from the Special Road and Bridge Fund.

Status:

- A. Not implemented. While improvement was made as only one receipt slip book was used for each drainage or levee district, different receipt slip books are still used, some of which are not prenumbered. In addition, the numerical sequence of receipt slips issues is not accounted for. Although not repeated in the current report, our recommendation remains as stated above.
- B&C. Not implemented. See MAR finding number 9.
- D. Partially implemented. While the Ex-Officio County Collector's bank account still has some outstanding checks that are over a year old, these amounts totaled only \$32. Although not repeated in the current report, our recommendation remains as stated above.
- E&F. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DUNKLIN COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Dunklin was named after Daniel Dunklin, a former governor of Missouri. Dunklin County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Kennett.

Dunklin County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads and bridges.

The county's population was 36,324 in 1980 and 33,155 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 175.8	174.0	156.8	152.0	112.8	49.6
Personal property	72.3	71.0	71.7	69.5	22.9	12.8
Railroad and utilities	23.7	24.2	23.5	22.6	16.7	17.8
Total	\$ 271.8	269.2	252.0	244.1	152.4	80.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dunklin County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.1000	.1000	.1000	.1000
Health Center Fund	.1000	.1000	.1000	.1100
Senate Bill 40 Board Fund	.1000	.0800	.0800	.0900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 84,066	82,760	77,257	73,906
General Revenue Fund	312,908	309,784	296,447	270,206
Special Road and Bridge Fund	749,487	735,633	680,820	645,576
Assessment Fund	120,852	117,359	110,328	103,730
Health Center Fund	277,408	273,618	256,660	266,467
Senate Bill 40 Board Fund	272,819	220,318	206,802	218,855
School districts	8,844,453	8,846,671	8,101,595	7,502,918
Library district	690,496	680,194	635,102	608,260
Ambulance district	362,806	356,372	332,222	316,880
Johnson Grass Fund	3,183	3,377	2,898	2,571
Townships	270,563	266,532	250,166	239,206
Drainage/Levee Districts	25,141	10,739	22,863	20,923
Cities	112,475	117,760	106,696	99,029
County Employees' Retirement	92,312	65,446	64,735	60,774
Other	5,776	6,450	7,371	7,836
Commissions and fees:				
General Revenue Fund	94,165	81,382	86,051	73,533
Township Collectors	80,029	79,679	73,349	69,913
Ex-Officio Collector	0	0	72	109
Total	\$ 12,398,939	12,254,074	11,311,434	10,580,692

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	93.1	93.3	93.2	93.8 %
Personal property	85.1	85.7	84.4	83.9
Railroad and utilities	100.0	100.0	100.0	100.0

Dunklin County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	*

* The ballot indicated the present property tax rate would be reduced to 10 cents per \$100 assessed valuation.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Don Collins, Presiding Commissioner	\$	28,842	28,842	8,947	
Don Jones, Presiding Commissioner				17,895	29,283
Jeanie Moore Herbst, Associate Commissioner		28,380	28,380	26,842	28,402
Patrick McHaney, Associate Commissioner		28,380	28,380		
Carl Williams, Associate Commissioner				26,842	29,283
Susan Luce, Recorder of Deeds		37,823	37,823	37,823	40,262
Charles O. Isbell, County Clerk		40,873	40,873	40,873	43,312
Steven P. Sokoloff, Prosecuting Attorney		47,584	47,584	47,584	50,022
Robert Holder, Sheriff		48,000	48,000	43,200	45,360
Jack Adkins, County Coroner		15,000	15,000	8,000	8,000
Wanda Stampley, Public Administrator (1)		43,000	43,000	102,478	43,915
Nina Breedon Rhew, Treasurer and Ex-Officio County Collector (2), year ended March 31,	43,000	43,000	33,424		
Jeris Warrington, Treasurer and Ex-Officio County Collector (3), year ended March 31,			6,677	40,138	
Donna Truelove Abmeyer, County Assessor (4), year ended August 31,		43,900	42,400	42,400	42,940

(1) Includes fees received from probate cases for 2000 and 1999. Beginning in 2001, the Public Administrator received a salary of \$43,000.

(2) Includes \$67 for the year ended March 31, 2001, of commissions collected from drainage districts.

(3) Includes \$5 and \$109, respectively, of commissions collected from drainage districts.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Judith L. Vavak, Circuit Clerk	47,300	47,300	46,127	44,292
Daniel J. Crawford, Associate Circuit Judge	96,000	96,000	97,382	87,235
John Beaton, Associate Circuit Judge (Probate)	96,000	96,000	97,382	87,235